Daily Report

Latin America

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FBIS-LAT-95-123 *27 June 1995*

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Peru-Ecuador Talks Suspended for Consultations

PY2606230095 Madrid EFE in Spanish 2106 GMT 26 Jun 95

[FBIS Translated Text] Brasilia, 26 Jun (EFE) — It was officially reported in this capital that the negotiations to consolidate the peace process between Peru and Ecuador were suspended today so that the Peruvian and Ecuadoran representatives can consult with their respective governments.

Peruvian Vice Foreign Minister Eduardo Ponce reported that negotiations were suspended to allow the Peruvian and Ecuadoran representatives to consult their respective governments before beginning a new round of talks sponsored by the guarantor countries.

The meeting, which began on 23 June and which was supposed to end on 24 June, continued today without reaching a definite agreement on the main points of the agenda; the demilitarization of the conflict zones where troops from the two countries engaged in combat between 26 January and 28 February.

Ponce, and Ecuadoran Vice Foreign Minister Marcelo Fernandez, left Itamaraty, where the negotiations were taking place, for their respective countries.

The Peruvian vice foreign minister reported that the delegates from the guarantor countries (Argentina, Brazil, Chile and the United States) will later release a declaration summarizing the negotiation process and reporting on the new state of negotiations.

Ponce could not tell when the negotiations would resume, adding that it will depend on their respective governments.

Brazilian diplomat Maria Luiza Vietti, who participated in five days of uninterrupted negotiations, told EFE last night that the difficulties of reaching an agreement follow discrepancies about how and where the Peruvian and Ecuadoran border zone will be demilitarized.

Vietti said that all the subjects discussed since 22 June had been "very thoroughly debated" but the creation of a demilitarized zone prevents progress in the negotiations.

On 23 June, when the round of negotiations in Brasilia was supposed to end, Vietti said that "technical issues" forced the talks to be extended until 24 June. On that night the negotiators decided that more negotiations were needed "on account of the quantity and complexity of the subjects that had to be discussed."

Vietti said the vice foreign ministers of Peru and Ecuador met on separate occasions with diplomats Juan Jose Uranga from Argentina, Fernando Reis from Brazil, Fabio Vio from Chile, and Luigi Einaudi from the United States.

The mediators in the Peru-Ecuador armed conflict expected to release a final declaration announcing, among others points, the guidelines on the process of exchanging prisoners, the opening of the border, and the deactivation of mines in the conflict area.

Economy Ministers on Tariff Reductions

PA2506221695 San Salvador LA PRENSA GRAFICA in Spanish 24 Jun 95

[Report by Rigoberto Aviles of PANORAMA ECONOMICO on statements by Economy Ministers Marco Vargas, of Costa Rica; Gustavo Adolfo Aguilar, of Honduras; and Erick Meza, of Guatemala, and Economy Ministry representative Luis Herrera, of Nicaragua, during a regular meeting of the Central American Higher Council of Economy in San Salvador on 23 June]

[FBIS Translated Text] El Salvador is the only Central American country to have made any progress in the area of customs and tax reductions. The other countries on the isthmus continue to be "on hold."

The economy ministers, who make up the Central American Higher Council of Economy, met in San Salvador yesterday. They said that tax and duty "reduction is the right road that all of our nations should follow."

Despite the danger of losing their competitive advantage against El Salvador, however, none seem to show any signs of making tax reductions in the near future.

Nicaragua could be the exception, as its representative announced that the first phase of the reduction process, which includes a capital gains tax cut from 5 percent to 1 percent, is just waiting for the Executive Branch to sign. El Salvador cut its capital gains tax last 1 April.

The Salvadoran proposal includes a reduction in import taxes on raw materials from 5 percent to 0 percent, while the ceiling for end products will drop from 20 percent to 15 percent on 1 January, 1996.

On 30 March, the Economic Council authorized the reduction of customs duties in each member country and stated that the move should be considered a "Central American" decision, although the original proposal was presented by El Salvador.

The authorization frees each country to reduce taxes (both maximum and minimum) when they see appropriate and overturns the previous decision that the reforms could affect Central American integration.

Guatemala said that it would begin deregulating at the end of April. The move was never made. Far from

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that, the government was considering the possibility of leveling minimum and maximum duty limits at 10 percent. In the end, Guatemala did not change either of them.

Nicaragua said the measures would be applied on 30 May. That date was not kept. Honduras gave no dates.

Costa Rica made no date commitments either, because of the fiscal problems it now faces. Nevertheless, the government did say that if the reforms package was approved at the Legislative Assembly, it would implement the changes "immediately."

Economy Minister Marco Vargas, of Costa Rica

Due to these fiscal problems, Costa Rica was forced to increase its customs tariffs by 8 percent, for both maximum and minimum limits. The move is temporary, until such time as the Legislative Assembly approves a tax reforms package.

Political negotiations would indicate that the approval could come in August, and the government's promise to the private sector and to the Central American community is to readjust tariffs to where they were before, and then try to unify them with the rest of Central America.

Regarding further reducing the 15 percent ceiling to 0 percent, the government has also agreed with the private sector to work in that direction. We will do so when the fiscal situation so allows, and based on how quickly the other countries move.

Economy Minister Gustavo Adolfo Aguilar, of Honduras

There has been no skepticism in applying import and export tariff cuts in Honduras, but any move in that direction should be discussed at a Central American level.

We have worked wisely for the country, discussing the tax reduction move with several sectors. Everything is on the right track. We have even carried out tax reduction impact assessments.

Nevertheless, the various macroeconomies operating in our countries lead us to one conclusion: if our goal is to eliminate taxes, then our economies must change by the year 2005. If that is the case, then there is no single guideline. The objective is the same, the individual situations are not, and therefore, their rate of change is different. We all agree about the need to make this move, although not all of us know when to implement it. We have fiscal problems we must resolve first.

Economy Ministry Representative Luis Herrera, of Nicaragua

The country is well aware that Central America's competitive advantage lies in tariff reduction. Hence, we have decided to reduce the tax on capital gains from 5 percent to 1 percent as soon as possible.

The decree is ready and currently waiting for the president to sign it, which we believe will not be long now.

Regarding the second phase of the tax reduction process, which calls for tax reductions on raw materials, we have until January to decide. For the time being, we are working on the lists of Central American raw materials so we can assess the fiscal impact that tax reductions will have in each country.

Economy Minister Eric Meza, of Guatemala

Each country has its own characteristics. This is why the tariff reduction cannot be implemented at the same pace. The Economic Council welcomed each country's commitment as it came. Integration implies a clear expression of each government's willingness to move toward tax and tariff reduction with determination.

Given these individual characteristics, however, each country has taken certain steps in accordance with its own particular situation. We have not implemented the capital gains tax cut from 5 percent to 1 percent yet, because we too have to assess the fiscal impact that such a move could have.

We are constantly assessing and discussing the various effects. We will take the appropriate steps, once we have a clear and precise picture of the situation.

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Cuba

Foreign Ministry Spokesman Denies Nixon Under Arrest

PA2606130595 Havana PRENSA LATINA in Spanish 1203 GMT 26 Jun 95

[FBIS Translated Text] Havana, 26 Jun (PL) — Cuban Foreign Ministry spokesman Miguel Alfonso told PRENSA LATINA today that "it is not true that Donald Nixon is under arrest."

In statements to the news agency, Alfonso said former President Richard Nixon's nephew has been informed he cannot leave the country until his ties with U.S. financier Robert Vesco are explained.

Alfonso noted that Donald Nixon was informed of the decision, adding that the decision was related to the case of Vesco, in whose home Nixon had been staying at the time of the U.S. financier's arrest.

Vesco, who has been residing in Cuba since 1982 for humanitarian reasons, is being investigated on suspicions of being a provocateur and because of alleged involvement as a special foreign service agent.

Rafael Dausa, alternate spokesman for the Cuban Foreign Ministry, on Thursday said Mr. Vesco is being subjected to a rigorous investigation, will be tried, and, if found guilty, will be sentenced in accordance with our laws.

He will be tried with all guarantees, Dausa added.

Article on Cuban Links to U.S. Terrorism

PA2606150295 Havana PRENSA LATINA in English 0404 GMT 26 Jun 95

[Article by Felix Pita Astudillo from GRANMA INTERNATIONAL; date not given: "Oklahoma File: The Cuban Connection"]

[FBIS Transcribed Text] Cuban counterrevolutionaries in Miami are a conglomeration of emigres characterized by conservative and traditionalist thinking who have never had an original initiative since they began to abandon their homeland in 1959.

From the very early days of their arrival, that emigre group was politically and militarily wooed by the U.S. intelligence services, and it received special training for subversive warfare against Cuba. Its subordination to U.S. anti-Cuba plans, the recruitment of political and military cadres to carry out these plans, and the virtual creation of a 'portable' country, as Cuban journalist Luis Ortega describes this immigrant group in Florida, laid the groundwork for the development of links with the extreme right in the United States.

This organic relationship dates back to the early 1960s, with the brokering of the CIA station in Miami, which was then overinflated in terms of power and resources.

The years following the Bay of Pigs invasion witnessed the assassination of President John F. Kennedy in Dallas, Texas, on November 22, 1963, in which a team of professional assassins participated under the command of Cuban Antonio Veciana.

Excluding classic groupings such as the Ku Klux Klan, the John Birch Society and a few others existing prior to Cuban immigration to Florida, it can be stated that the thinking and actions of the extreme right-wing Cuban emigre groups predate by decades the emergence and spawning of analogous U.S. groups currently proliferating in the form of militias, anti-abortion organizations, anti-gun control groups, anti-taxation organizations, and so on.

Years before a commando from the Michigan Militia blew up the Alfred Murrah Federal Building in Oklahoma City, Cuban paramilitary groups had already launched attacks on Spanish merchant ships and Cuban aircraft in the Caribbean Basin, even daring to launch a mortar attack on the UN Headquarters in the very heart of New York City.

For the record, it is a fact well known by the U.S. authorities that Orlando Bosch and Luis Posada Carriles anticipated Timothy McVeigh's savagery in Oklahoma City by almost 20 years, with the blowing up of a Cubana Airlines passenger plane in midair after taking off from Barbados International Airport on October 6, 1976.

Thirty years later, the terrorist skills of the Cuban counter- revolutionaries have been recycled, and their political thinking has become unceasingly aligned to that of the U.S. new right' and its extremist wing. Both the Cuban counterrevolutionaries and these latter groups identify the U.S. Federal Government as the enemy against which action must be taken.

Therefore, it would be dangerously naive to create categories distinguishing sectors that generally operate within an institutional framework from those that up until now have functioned outside of institutions, either as covert operatives under the auspices of U.S. agencies, or on their own.

The relationship — which permits an ideological understanding and harmony between a Jesse Helms or a Robert Torricelli and their fellow countrymen Jorge Mas Canosa, Carlos A. Montaner, Lincoln Diaz-Balart and Ileana Ros-Lehtinen — confirms rather than denies the hidden of the phenomenon [as received]: The political

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and military links between the Cuban counterrevolutionaries and the paramilitary extreme right in the state of Florida.

These nexuses have now become especially dangerous for the Clinton administration, since the Cuban 'connection' has lept from being a cog in the official machine to being a lethal freewheel within a state in which, moreover, there are at least an estimated 77 known extreme right paramilitary outfits. Tom Fielder and Phil Long, writing in 'THE MIAMI HERALD', state that Florida has long demonstrated its willingness to welcome marginal movements. They add that hundreds of militia groups are coming out throughout the whole state like worms after the rain.

Several of these organizations maintain links with Cuban-American entities, both 'legal' and 'clandestine.' All of them, including the Cuban groups, have the democratic government in their sights.

The Connection

In the spring of 1993, Robert Pummer drove his car out of the carport of his residence in Stuart, in Martin County, Florida. This time he didn't head for Jensen Beach, also on the Atlantic coast of the peninsula, a neighboring town into which he was expanding his civilian contractor business. He took the opposite direction, taking I-95 straight to the city of Fort Lauderdale. On the following day he would be one of the invited guests at a benefit event cosponsored by Coral Ridge Ministries and the powerful Amway Corporation, owned by the conservative Magnate Richard de Vos.

Through its program Reclaiming America, Coral Ridge Ministries promotes a 'Christian nation' in the United States. This bastion of 'Christian reconstructionism' in Fort Lauderdale is directed by the charismatic fundamentalist preacher James Kennedy.

Pummer had been invited more on account of his ideological affinities with the guests than for his capital assets. Born in Kansas, he possesses a shady background in drug trafficking in the state of Michigan, and there were rumors circulating that he had served a prison sentence for second-degree homicide.

However, 1970 was a long time ago, a sufficient period for his Stuart neighbors to perceive him as a prosperous businessman, firearms enthusiast and a fiery orator vehemently criticizing what he referred to as Federal Government 'conspiracies' directed at ordinary American citizens.

Another guest, one with a considerably larger fortune (recently calculated by 'THE NEW YORK TIMES' to stand at 80 million dollars), was the Miami contractor and Church and Tower Company President Jorge Mas Canosa. He didn't come alone, he was accompanied by one of his closest aides and chief of security at the Cuban American National Foundation (CANF), former counterrevolutionary prisoner Roberto Martin Perez.

For business executive Mas Canosa, the Coral Ridge event was a further opportunity to broaden his political relationships and to do business. However, aware of the ultraconservative composition of the guest list, he had taken the precaution of bringing along Martin Perez, a covert operations specialist. Martin Perez, son of the notorious Cuban military henchman Lutgardo Martin Perez, who was active during the Fulgencio Batista dictatorship, had carried out some covert Foundation operations.

These included acting as the principal recruiter during the 1987 Pan American Games in Indianapolis, Indiana, in an operation aimed at convincing Cuban athletes to desert. He was also CANF's liaison with representatives of the International Policy Forum (IPF), an extremist organization offering material and political support to Latin American extreme right forces. Colonel Oliver North, the central operative for the Nicaraguan contras in the Iran-Contra scandal, is associated with the IPF. Numerous Cuban terrorists were reactivated and recruited by North for that dirty war in Central America, with the approval and full backing of Mas Canosa's CANF.

Another of Martin Perez' responsibilities, perhaps the most important, is serving as the contact for CANF's underground army, coordinated by Cuban Orlando Rodriguez, a former colonel in the U.S. Armed Forces.

An important group of colonels of Cuban origin, who were in line for promotions to the rank of general within the U.S. Army, were summoned to the Pentagon in early 1990 and called upon to retire from the military in order to devote themselves full-time 'to the Cuban liberation struggle.'

The Defense Department offered them bonuses and other inducements, and the group of colonels became the commanders of the Foundation's military-terrorist apparatus. Five years later, and under basic security measures, Roberto Martin Perez and Colonel Rodriguez maintain their contacts in discreet public meeting places in Miami. (The Foundation's most recent terrorist operation may have occurred in early 1995, carried out by the apparatus led by Martin Perez: the assassination of the businessman and Puerto Rican New York community leader Tom Cuevas. A man with both commercial and political influence, Cuevas had visited Cuba and on his return to the United States began to advocate business with the island and the lifting of the blockade.

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The Foundation viewed Cuevas as a dangerous person and decided to take him out: He died in a hail of bullets on a New York street, in an operation designed to look like a common criminal assault.) But let's get back to the 1993 Fort Lauderdale meeting. It has not been clarified if Robert Pummer and Martin Perez were introduced by a third party, or if Pummer's name had already been mentioned by the Cuban drug network in Miami. However the pair, with Mas Canosa's go-ahead, established a basic general agreement on joint cooperation toward both parties' common objective: the fight against communism and tyranny, and the preservation of secular values such as the family, private ownership and tradition. The contact was made in a luxury Chinese restaurant in downtown Fort Lauderdale.

Less than one year later, Robert Pummer was publicly announced as the leader of the Florida State Militia (FSM), one of the most aggressive extreme right groups in the state. According to Pummer's declaration at a September 1994 information fair, held in St. Lucie County, the FSM has a presence in all of Florida's counties. At the time, the FBI stated that this was extreme boasting on Pummer's part.

The contractor reappeared two weeks later, on October 1, 1994, at a big meeting of Militia members and other paramilitary groups in the city of Lakeland, Florida, convened under the slogan of reviving the U.S. Constitution. Attendance at this meeting has been estimated at between a minimum of 1,000 and a maximum of 10,000.

After the Oklahoma City bombing, U.S. federal security agents were forced to admit that they had lost Pummer's trail. However, the Florida State Militia has continued its activities, including the distribution of a printed manual detailing how to organize militia regiments and the quantities of arms and munitions that each paramilitary group should have.

Robert Pummer has gone underground. Roberto Martin Perez is maintaining his legal facade, but both he and his wife, Ninoska Perez, director of the Voice of the Foundation radio station, continue to fulminate against the Clinton administration from Miami.

The other known connection is the link between the paramilitary organization Alpha-66 and the remnants of Omega-7 with two extreme right Florida formations: the Glade Runners and the Gators. Alpha- 66 leaders Andres Nazario Sargen, Diego Medina and its military chief Humberto Perez have held meetings with Glade Runners leaders, and sources close to another Cuban-American paramilitary group say that Glade Runners military instructors have trained Alpha-66 personnel in Florida's Everglades swamps, the common training ground. Military contacts have also been reported with the so- called Commandos F-4, an offshoot of Alpha-66 led by a terrorist named Frometa, and with the Democratic National Unity Party, a small group headed by Sergio Gonzalez Rosquete which feeds off the most recent wave of Miami immigrants. Several organizations of this kind are no more than fronts for the Cuban American National Foundation.

The Democratic National Unity Party was responsible for the disastrous attempt to infiltrate Cuba via the causeway to the town of Caibarien, in the central province of Las Villas. In this specific case, there is talk of established cooperation with the first U.S. militia paramilitary group also known as the 10th Regiment Florida State Militia, based in Key Largo.

The relationship between these groups and their U.S. counterparts in the Everglades was confirmed on April 30 of this year by the Scripps Howard News Service and 'THE LOS ANGELES TIMES'.

The potential threat represented by the collaboration of these Cuban groups with the local terrorist apparatus should not be overlooked by federal and Florida state authorities. It would seem that they are now reevaluating the potential implications of this new scenario. The Miami Police Department has issued initial warnings to the Cuban extremists regarding the former's dangerously ambiguous calls for 'civil disobedience.' (Their concern is logical: These are groups with no experience or tradition of civil demonstrations but which have a lifelong experience in settling their disputes with C-4 and submachine guns.)

The U.S. Government is handicapped by the FBI's inability to handle the paramilitary groundswell and the crisis within the CIA which has led to its reorganization.

The security risks posed are serious. Long before the Florida paramilitary manuals showed how to fabricate homemade explosives with ammonium nitrate and fuel oil, Cuban terrorists were skilled in demolition techniques and blowing away their political opponents in Miami.

Their containment and neutralization is very much in the interest of U.S. national security. Federal facilities run by the FBI, the Bureau of Alcohol, Tobacco and Firearms, the Justice Department or the Coast Guard could be among their targets. Domestic terrorism in the United States also has a Cuban face.

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Poll Shows Drop in Youth Nominations for Elections

PA2506223095 Havana PRENSA LATINA in Spanish 1708 GMT 25 Jun 95

[FBIS Translated Text] Havana, 25 Jun (PL) — A poll that appeared this morning in Cuban newspapers underscores with concern the percentage drop of youths nominated (18.1 percent) for the 9 July municipal elections.

The poll shows that among the reasons cited by the youths for turning down these posts, according to JUVENTUD REBELDE, is the lack of time to act as aldermen, a shortage of materials to solve the problems, and a certain formality required by the post.

On 19 June the nomination process for candidates for municipal government delegates drew to an end, in which neighbors elect their direct representatives for a two-an-a-half year period.

The youths' lack of experience is also another of the reasons cited for the drop in nominations by those between the ages of 16-30.

According to a National Electoral Commission ruling, propaganda for or against any of the candidates is not allowed. Propaganda before the elections only includes the biography and photograph of the aspiring delegate displayed in centrally located areas.

JUVENTUD REBELDE publishes that in the capital only 10.4 percent of the nominees are under the age of 30.

Notwithstanding, the study reflects that 47.8 percent of those polled would be willing to take the post, because they consider it a personal challenge or because they feel they have the energy to face up to the community's problems.

The newspaper calls on the new generation of Cubans to assume responsibilities with voters because it considers that the system of local government is inconceivable "without youth's imaginative and creative component."

Cubans will choose their representatives from among 29,121 candidates, who will face the challenge of solving problems amid Cuba's economic crisis caused by an increased U.S. blockade and the breakup of the European socialist field, with which a good portion of the island's trade was carried out.

Gas Outage Traced to Mario Fortuni Plant Breakdown

FL2606183395 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Jun 95

[From the "National Radio News"]

[FBIS Translated Text] A breakdown in Mario Fortuni cooking gas plant in Havana has caused a shortage of gas supply in houses and business since early Monday in the city. Engineer Alberto Carmona, chief of Mario Fortuni Plant Number Two of the cooking gas enterprise, is interviewed.

[Begin Carmona recording] The breakdown took place Sunday night, at approximately 2100 [local time], when a plate in the combustion chamber cracked due to heating. This, of course, stopped gas production in the line. Furthermore, we had to suspend the entire production because the other line was undergoing repairs — was in preheating stage. [end recording]

The cooking gas enterprise expects to normalize the service within a 24 to 48 hour period. Ongoing repairs in Mario Fortuni plant must be updated in September.

[Begin Carmona recording] This is clear. We will begin to produce gas in the line, yet our reservoirs are depleted. Thus, they need some time to recuperate.

The temporary repairs underway will allow us to start gas production. However, we will also continue to work to guarantee that this situation will not be repeated until September, when the line will be fully restored. [end recording]

Trade Minister Reports 18% Increase in 1994 Exports

PA2706041995 Havana PRENSA LATINA in Spanish 2308 GMT 26 Jun 95

[By special envoy Mario Esquivel]

[FBIS Translated Text] Santiago de Cuba, 26 Jun (PL) — Cuban Foreign Trade Minister Ricardo Cabrisas today reported that Cuban exports grew by 18 percent in 1994 and that the upward trend was kept during the first half of 1995.

Cabrisas opened Expo-Caribe '95 on the grounds of the Heredia Theater in this city, in the presence of Carlos Lage, executive secretary of the Council of Ministers. Cabrisas stressed the significant participation in this fourth Caribbean commercial fair, which gathered 300 expositors from 20 countries.

The minister talked about the economic ambiance of Cuba. It was able to halt the GDP decline and even able

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to grow in several sectors, among which he mentioned tourism and pharmaceutical production.

The overall trade exchange grew by 9 percent in 1994 compared to the previous year, while exports increased by 18 percent. This upward trend, he affirmed, was observed during the first six months of 1995.

As for attracting foreign investment, Cabrisas disclosed that until late May 1995, 212 joint ventures had been created with capital from 58 countries, most of which, in numbers, are Europeans, although Latin America is the leader in volume.

Among the countries that have more investments in Cuba, he mentioned, in order of magnitude, Mexico, Canada, Spain, Italy, and France.

Cabrisas toured the exposition along with Lage, Chamber of Commerce President Carlos Martinez Salsamendi, and members of the local government of this eastern Cuban province, which is called the balcony of the Caribbean due to its proximity to this basin.

Haiti

FNCD Leader Holds News Conference, Proclaims Victory

PA2706003695 Mexico City NOTIMEX in Spanish 2304 GMT 26 Jun 95

[FBIS Translated Excerpt] Port-au-Prince, 26 Jun (NOTIMEX) — The National Front for Change and Democracy (FNCD) proclaimed victory today in the legislative and municipal elections held in Haiti on Sunday [25 June], but official results have not been announced.

At a news conference, Evans Paul, mayor of Port-au-Prince and FNCD leader, said that, according to the polls conducted by Sunday evening, the results showed a clear preference for his party.

The coalition formed by the FNCD, which backed President Jean Bertrand Aristide's candidacy in the past presidential elections, was also supported by the Lavalas Political Organization (OPL). [passage omitted]

Paul expressed confidence in the credibility of the elections up to 1800 (2200 GMT) on Sunday, but he cast a doubt on the honesty of the elections carried out in the evening at the polls that opened late. [passage omitted]

He added that the FNCD will wait for the official results to decide what measures it will take to challenge legally and peacefully any irregularity that is observed.

Today the electoral authorities began to count the votes and according to initial reports, the level of abstention could be 50 percent. A large number of ballots could be annulled because of irregularities in the voting.

Eyewitnesses indicated that the vote count is being done manually, amid a chaos of ballot boxes at the regional electoral office in Port-au-Prince. [passage omitted]

The party PANPRA [Nationalist Progressive Revolutionary Party of Haiti] described as "irresponsible and incompetent" the role that the CEP [Provisional Electoral Council] played in the election and demanded its annulment in areas where candidates did not appear listed on the ballots.

CEP officials indicated that the voting was canceled in seven of the country's 13 communes and added that there could be a second round of electins on 23 July in regions where ballots were lost or tampered with. [passage omitted]

Bajeux, Dejoie Reaction to Elections Noted

Port-au-Prince Radio Metropole in French 1600 GMT 26 Jun 95

[FBIS Translated Excerpt] Back to the mid-day newscast, a newscast dominated by the elections that took place yesterday in haiti — elections to renew two-thirds of the Senate and the Chamber of Deputies in its entirety, and to elect 133 mayors and their 266 assistants, as well as the administrative councils of the 565 communal sections —or Casecs — with three members to a Casec: The results should be made public in some 10 days, but most political party leaders are stating doubts as to the credibility of the elections, highlighting the numerous election day flaws.

Jean-Claude Bajeux, a member of the government, says he is not at all proud of what he was able to note yesterday.

[Begin recording, in Creole] [Bajeux] I went to vote yesterday, out where I live, in Martissant; and we noted that things were very poorly organized. It's something of which, as a member of the government and of the cabinet, I am not at all proud — because instead of things being better organized than in 1990, or than in 1987, we found that, in fact, at the level of the BIVs [Registration and Voting Offices], there had been no effort made to really have well-placed BIVs, to tell people where the BIV was, etc.; and I saw, everywhere, people running around seeking to figure out where they were supposed to go vote. From the point of view of organization, I am not at all happy, not proud. I am ashamed of how things went.

[Unidentified reporter] Since you say that as a member of the government, you do not feel proud but, rather,

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are embarrassed: Do you think the government has any responsibility in this?

[Bajeux] No, as you know, in the government, each person has his own responsibilities. The CEP had the task of organizing it. And I myself, frankly, am not complimenting the CEP on the job it has done — speaking as, I might say, a client. As a client. [passage omitted] [end recording]

[Passage omitted including previously filed, recorded statement by Victor Benoit of the National Congress of Democratic Movements]

Here is the reaction of Louis Dejoie, leader of the PAIN [National Agricultural and Industrial Party].

[Begin Dejoie recording, in a mixture of Creole and French] We had thought we were back to fair play [preceding two words in English], but now we find ourselves facing an election that is not honest and sincere, and cannot be go down in anything as an election that the Haitian people have accepted — in many regions.

In Les Cayes, I would say 80 percent of the population did not vote. Thus, that poses an extraordinary problem. We are disappointed, and we blame the CEP and its members, and the members of the BEDs [Departmental Electoral Offices] and BECs [Communal Electoral Offices], which were not up to their tasks — to prevent popular candidates [candidats populaires] from being victorious in the elections. [sentence as heard]

After all we have noted, the PAIN asks that these elections be declared null and void in those places where fraud and irregularities were recorded, and that elections be postponed until a later date — which is easy to do, because everyone who is definitely in a bad position in this regard, we agree...[rephrases] they agree to go another round. Thus, we also ask the democratic political parties to meet quickly so as to rule on the results of these elections, and give the Haitian people decisions — which we must reach as soon as possible, so as to ensure a return to democracy.

Thus, we are beginning to see that what had been promised the people from the beginning is all a lot of eyewash, and we see that the government is taking steps to elect its own political party into power, as the candidates said several times (?over) TV in Les Cayes.

Conclusion: We are disappointed. After all the efforts made, and the money spent on these elections, we ask, simply, that where these elections were improperly held, they be held again. And this will be (?to the) CEP's advantage.

And if they don't want to do it, we call, right here and right now, for the resignation of that CEP, and of the entire electoral apparatus that has committed fraud in all these elections so as to give an advantage to a governmental party. [end recording]

That was the statement of PAIN leader Louis Dejoie.

Leslie Manigat Calls Election 'a Mess'

Port-au-Prince Signal FM Radio in French
1030 GMT 26 Jun 95

[FBIS Translated Excerpt] The Haitian political class has reacted vigorously, following this first day of elections, which unfolded in a somewhat confused climate because of the innumerable irregularities that occurred during this election.

The leader of the Assembly of Progressive National Democrats, Leslie Francois Manigat, feels that the Provisional Electoral Council [CEP] authorities have no respect whatsover for the will of the Haitian people. Manigat calls the election distorted and undemocratic. It's a mess [c'est un bordel] — he exclaimed, as he prepared to go vote.

[Begin Manigat recording, in Creole] There is no democracy in this election. [passage omitted containing many indistinct portions] They have not respected the people's will. They have not organized things seriously, so that it is the expression of the Haitian people (?that comes through). I am participating in this election because [words indistinct] citizen, but [remainder of sentence indistinct]. It is a distorted election [words indistinct] in all our party's reports, this election is a mess [s'oun bordel eleksyon sa a ye]. It is not well organized, not correctly organized, and it won't [remainder of sentence indistinct] [end recording].

Evans Paul Questions Credibility of Elections

Port-au Prince Signal FM Radio in French
1030 GMT 26 Jun 95

[FBIS Translated Text] Evans Paul [words indistinct]: The incumbent mayor of Port-au-Prince, greatly challenged by popular singer Manno Charlemagne, has vigorously blamed the Provisional Electoral Council [CEP], following the holding of the first round of these elections, sprinkled with irreularities of all kinds. It is disgraceful — hammered the FNCD [National Front for Change and Democracy] spokeman, who maintains that this will [word indistinct] the CEP and cast doubt on the credibility of the election.

[Begin Paul recording, in Creole] Our evaluation is that the credibility of the process is absolute zero. And it gets zero for organization, as well, and a zero for credibility.

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And that is disgraceful. We could cite many examples that show that this process was not based on anything honest.

First of all, as of 1100, when they noted that the FNCD was going to win the election in that metropolitan area, they began (?what can be called) a hunting down of the representatives of the FNCD. Dishonest people in the CEP, who colluded with dishonest people in the BIVs [Registration and Voting Offices], along with certain dishonest people in the police, chased away the FNCD representatives. Some were beaten. Some were fired upon. Some were put in jail.

Personally, when I began hearing how serious this matter was, I went down to the Anti-Gang [police department] office, where I noted that [words indistinct] on Sunday 25 June, out of 18 people arrested in connection with election activities, 10 were members of the FNCD; that another 8 were members of other political parties; and that not a single one was a member of the political organization whose name we will not cite -- which was in complicity with certain dishonest people in the CEP, certain dishonest people in the BIVs, and certain dishonest people in the police, with a view to destabilizing the process.

We want to take this opportunity to denounce those dishonest acts. Meanwhile, at the same time, we salute the population — which has shown that it is mature, shown that it wants democracy [words indistinct] in the country — as well as everyone who has behaved in a praiseworthy manner in this process: the honest people in the CEP; the honest people in the BIVs; the honest people in the police; and all the honest voters, both those who voted for (?us) and those who voted against us. We salute everyone whose behavior has been proper and democratic.

However, the FNCD [words indistinct] its own party that counts the most. What counts is the credibility of the process, which can guarantee political stability in Haiti, give everyone confidence, and prove that we are truly not only building democracy in the country but also creating a climate favorable to the nation's economic and social development.

Thus, as I speak right now, today, Sunday, 25 June, at 1830, we of the FNCD are continuing to evalutate the situation, but we were obliged to give our evaluation, to say [words indistinct] where, on the one hand, we have noted certain things, and, on the other hand, we are very much ashamed. [end recording]

That is a statement made yesterday afternoon [words indistinct] by the incumbent mayor of Port-au-Prince, Evans Paul.

MRN Calling for Joint Rejection of Elections

Port-au-Prince Radio Metropole in French
1600 GMT 26 Jun 95

[FBIS Translated Text] We have a last-minute reaction from the leader of a political party, Rene Theodore of the MRN [National Renovation Movement], who is calling for a meeting of all the political parties, with a view to demanding that the 25 June elections be declared null and void.

[Begin Theodore recording, in Creole] It is a rigged [eleksyon zo plombe] election. Messes all over the place! The electoral council [CEP] mixed up candidates, mixed up emblems, mixed up districts! It (?got things wrong) as regards absolutely everything. Only for the Lavalas [bo tab] candidates did everything go almost normally.

Everyone can clearly see that this election was held exclusively for the benefit of the Lavalas candidates. As for the independent candidates, only (Sabalat) had an emblem. All the others were mixed together under a single emblem: the CEP's red and blue flag.

No one will accept the results of such an election, one that was such a mess and that was held without principles and without respect for any law.

Also, an election in a country with any self-respect should not have to please any foreigners. [Eleksyon nan youn peyi ki gen ne nan figi l' pa fet pou fe letranje plezi] It is for the population of Haiti and for the institutions of Haiti that such an election is important; and in the same way, it is the judgement of the Haitian people and political parties alone that are important for validating the election. Everyone has already said that this election is a disgrace, a disappointment, a mess, a catastrophe, a disaster. We of the MRN, like all the other political parties that have already come out and stated their positions on this election, consider it null and void, and we will not acknowledge the results of this election.

I take this opportunity to ask all the political parties to hasten to meet, quickly, so we take a common position on this election and on the CEP.

This statement is signed, for the MRN's permanent executive, by Rene Theodore and Patrick (Fequiere). [end recording]

Elections: Atmosphere 'Calm'; Minor Incidents

Port-au-Prince Signal FM Radio in French
1030 GMT 26 Jun 95

[FBIS Translated Excerpt] The first round of legislative, municipal, and local elections took place yesterday in

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Haiti in an atmosphere of calm but with great difficulty because of the many mistakes and organizational problems of polling stations. Save in northern Haiti, no serious incidents had been reported at mid-day — in Port-au-Prince and in the rest of the country, which was covered by the Haitian police. [passage omitted]

As we were saying a few moments ago, in Limbe there were slight [word indistinct] yesterday morning between young radical followers of President Jean-Bertrand Aristide and policemen of the new civilian police force, who used their billy clubs but hurt no one.

In Port-de-Paix, an outgoing deputy, Josue Lafrance was called in for questioning [interpelle] yesterday morning by the UNMIH police for obstructing the proper unfolding of the electoral process. Mr. Lafrance said his candidacy, which he said was filed in Port-de-Paix, appeared on the ballots of another place, Bassin Bleu. The residence of the former legislator was searched and weapons were seized.

The majority of polling stations opened several hours late in Port-au-Prince, where automobile traffic — with the exception of the transportation used by the masses, the tap-taps, as well as authorized vehicles — was forbidden, as was the sale of gasoline and alcoholic beverages. The Haitian-Dominican border was closed for the day, and airlines yesterday cancelled their flights to and from Port-au-Prince.

President Jean-Bertrand Aristide voted in late morning yesterday near his Tabarre residence, cheered by several hundred sympathizers, some of whom demanded his presence the head of the state for three more years, to make up for the time spent in exile after the military coup d'etat of September 1991.

I voted for democracy — declared Jean-Bertrand Aristide to the journalists on the scene. [passage omitted including unmonitorable recording of impromptu interview with Aristide in English and Creole]

It is to be noted that the first round of elections [words indistinct] later yesterday evening because of certain difficulties encountered by a number of polling stations, which did not receive the election materials in time. Thus, it was noted that certain polling stations stayed open until 2200 last night [0200 GMT].

Participation Estimate; Independents Demonstration

Port-au-Prince Signal FM Radio in French 1030 GMT 26 Jun 95

[FBIS Translated Excerpt] The first round of the legislative, municipal, and local elections held yesterday in Haiti mobilized approximately 50 percent of the electorate, according to a first estimate by the international observers — reports a well-informed source. The greatest amount of abstention occurred in northern Haiti, where 50 percent of registered voters did not vote. This same source says that this is explained by the closing of several Communal Electoral Offices [BECs] following incidents that took place shortly before the elections, particularly the criminal arson of the BEC in Limbe, in northern Haiti.

The greatest participation was noted in the agricultural Artibonite plain: approximately 65 percent. The average in Port-au-Prince was in the vicinity of 50 percent. These percentages are established on the basis of the number of registered voters declared by the Provisional Electoral Council [CEP] — that is: 3.5 million persons. Still, this figure put forth by the CEP could perhaps be an overestimated figure, as compared to reality — commented that same source, who explained the many irregularities noted, irregularities due to the inexperience of the election authorities and mistakes in the printing of the ballots. The source refused to make the slightest prediction as to the political outcome of the elections, and contented himself with noting that the elections were able to unfold in a climate of exemplary security thanks to the vigilance of the Haitian police and the UN forces.

In any case, the atmosphere got a bit heated at noon yesterday, when several dozen sympathizers of certain independent candidates began to spit out insults regarding the CEP, which did not send to the polling stations the ballots of several independent candidates. In different parts of the capital — notably in Cite Soleil and in Delmas [words indistinct] supporters of independent candidats whose ballots were not sent to any of the polling stations [words indistinct] to express their indignation vis-a-vis these acts of perfidy committed by the CEP. Here is an idea of what those demonstrations were like. [passage omitted consisting of unmonitorable recording of demonstrators chanting and shouting]

The demonstration went all the way along the airport road and ended up in front of National Haitian Television, where the demonstrators were to deliver a message expressing their indignation vis-a-vis these discriminatory acts. Moreover, a Signal FM reporter noted that in certain polling stations, political party representatives influenced the choice of voters incapable of reading the names written on the ballots. [passage omitted]

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Unidentified Persons Burn Down 2 BECS

Port-au-Prince Signal FM Radio in French
1030 GMT 26 Jun 95

[FBIS Translated Text] We have just learned that the Kenscoff Communal Electoral Office [BEC] was set fire to last night by unidentified persons, along with all the voting materials that were in it. No light has as yet been thrown on the circumstances surrounding this incident. We remind listeners that unidentified persons set fire to the BEC in Limbe Friday night [23 June], causing elections in the region to be postponed.

Small Demonstration Blocks Street 26 Jun

Port-au-Prince Radio Metropole in French
1600 GMT 26 Jun 95

[FBIS Translated Text] A few dozen people demonstrated in the Bois Verna area at noon today to protest the 25 June elections. The demonstrators blocked Bois Verna Avenue, demanding that the election be declared null and void, and also criticized the way the CEP, Provisional Electoral Council, organized the election.

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President Zedillo Vows To Fight Drug Trafficking

PA2706021895 Mexico City NOTIMEX in Spanish 1853 GMT 26 Jun 95

[FBIS Translated Text] Mexico City, 26 Jun (NOTIMEX) — President Ernesto Zedillo admitted today that Mexico is a victim of narcotrafficking, which has infiltrated sectors of the justice and security systems. He said he will implement reforms consistent with the complex nature of the problem.

"We are resolved to fight narcotrafficking through a profound transformation of our system of justice and public security," Zedillo stated on the occasion of the International Day of Struggle Against the Improper Use and Illegal Trafficking of Drugs.

The president said "we know that, as in other countries, narcotrafficking has managed to infiltrate and corrode some of its sectors."

Nonetheless, "consumer countries must be the first to assume responsibility and to act," because "Mexicans believe the effort that is being made by the principal consumer nations is not equivalent to the magnitude of the problem," he said.

"In view of the gravity of the threats that it poses, drug trafficking must be countered by everybody," he said. If international cooperation is weakened and there is dependence on what a single nation can do "the common enemy, which are the narcotraffickers, will become stronger," he noted.

President Zedillo explained that the "society and government are aware that an entire new system is indispensable to dispense and receive justice and to provide public security and protection for citizens, in keeping with the complexity of the challenges."

"We recognize that in receiving justice and public security, we face enormous shortcomings and deficiencies that increase our task," the Mexican president stated.

He said that the improvement of the justice system in Mexico began with the constitutional reform presented before the congress.

He added that during the next session of congress, "I will present a draft public security law, which will regulate and coordinate the responsibilities, powers, and systems of this national public security task."

The police and organizations charged with dispensing justice will be purged in this process, he said.

The statements by President Zedillo were made two days before it was learned that Hector Palma Salazar, alias el "Gero Palma," presumed leader of the Sinaloa Cartel, had been arrested in the western state of Jalisco.

Wants Traffickers Given Harsher Sentences

PA2706043795 Mexico City Radio Red Network in Spanish 0000 GMT 27 Jun 95

[Report by Victor Manuel Suberza Blanco; from "The Night Monitor" newscast]

[FBIS Translated Text] President Ernesto Zedillo said that the acts of violence will not force the government to harden politically or limit any legitimate right. Zedillo said this while heading the ceremony of the International Day of Struggle Against the Improper Use of Drugs and Illegal Trafficking in Los Pinos Presidential Residence. Zedillo, in front of the Secretaries of Defense, Navy, and the Attorney General, among other officials, admitted that drug trafficking must be punished in proportion to the damage it does to society. Thus, the president announced that he will soon send to Congress a law proposal on public security that will include, among other things, more severe punishments.

[Begin Zedillo recording] It has just been proven that despite the corruptive power of drug trafficking, it can be successfully beaten. Despite the fact that there are bad policemen and bad public servants, there are also [two-second break in reception] honest and fully committed to this struggle. It is with them that we will continue moving ahead until we dismantle and punish the criminal gangs that hit our country today. [end recording]

Zedillo said that drug trafficking is a threat to national integrity, society's health, public order, tranquillity, and the legal state. He therefore reiterated his determination to fight it to such a degree that drug traffickers will have no peace. The president admitted that our system of justice and public security is obsolete in the face of the corruptive capacity of those involved in drug trafficking.

The president announced the transformation of various areas in charge of imparting justice, the creation of the national public security system, and the purge of officials, agents, and troops, who will have, in addition to better training, better salaries and social benefits, congruent with the risk of their work. [sentence as heard]

[Begin Zedillo recording] Today I reiterate that the acts of violence will not force the government to harden politically or limit any legitimate right, and neither will they distance us from our democratic conviction. [end recording]

The federal executive said that Mexicans see ourselves as victims and not beneficiaries of drug trafficking. He said that our country has no use or place for the funds handled by this illegal activity.

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In the ceremony, Attorney General Antonio Lozano Gracia said that it is intolerable that drugs should destroy families, provoke violence, and make the authorities give in for a gift generated by the illegality.

Government Issues Communique on Deportation of Priests

PA2606203995 Mexico City NOTIMEX in Spanish 1706 GMT 26 Jun 95

[FBIS Translated Text] Mexico City, 25 Jun (NOTIMEX) — The Mexican Government today denied that the deportation of three priests who were working in the southeastern state of Chiapas is an attempt to create at atmosphere of persecution against a specific group.

The Government Secretariat said priests Rodolfo Izal Elorz (Spain), Jorge Alberto Baron Gultein (Argentina), and Loren Laroye Riebe Star (United States) were expelled for illegal activities and not for pastoral work.

In a communique released in this capital, the Government Secretariat said the federal government respects and will invariably respect freedom of worship and that the departure of the priests is aimed at maintaining the state of law currently in force.

Mexican authorities expelled the priests on Friday and were sent to the city of Miami, United States, after having been arrested by immigration authorities in the state of Chiapas.

According to the communique, the federal government adopted a firm commitment with the implementation of an immigration policy to encourage foreigners staying in Mexico to respect the law. Mexico is a nation that generously receives foreigners who can positively contribute to the improvement of their social coexistence, the secretariat added.

The Government Secretariat said the authorities are determined to get Mexico to become a country of laws, therefore it will subject its actions to the strict application of the law, without any distinctions.

The Secretariat explained that the expulsion took place after residents of Sabanillas, Yajalon Municipality, Chiapas, filed 16 charges at the National Immigration Institute office in San Cristobal de Las Casas.

According to the Secretariat, Elorz, Baron Gultein, and Riebe Star were involved in several illegal activities, which consisted of the promotion of land invasions and physical abuse. They were also threatening neighbors of the area with eviction.

The communique noted that authorities were able to prove the three priests were involved in political activities because they were encouraging the population to carry out illegal acts.

The communique stated that the above actions are a violation of their immigration status, and it added that upon the conclusion of the investigation, the three priests were arrested in the state of Chiapas on 22 June.

The Government Secretariat stated that the illegal activities were proven while the legal procedures, which concluded with the expulsion of the foreign citizens, were being conducted.

It added that the three priests violated Article 120 of the General Law on the Population because they conducted activities for which they had not been authorized in accordance with their immigration status.

Also, they violated Article 121 of the same law because they committed illegal activities, and, in turn, their permits to remain in the country were canceled and their expulsion from the country was ordered — a move that was carried out on Friday, 23 June.

The National Immigration Institute pointed out that Izal Elorz, a Spanish citizen, entered the country as a tourist on 13 January 1990 and in May of that same year he was granted the nonimmigrant, visitor status.

Baron Gultein, an Argentine citizen, entered national territory for the first time in 1971 and left in September of that same year. He returned in 1983. His immigrant status was approved in March 1989.

Finally, Laroye Reibe Star, who was born in the United States, officially entered the country on 22 September 1993 under a nonimmigrant, visitor status and remained in Mexican territory for several years without the proper authorization.

World Bank Grants $1.513 Billion Loan; Official Comments

PA2406223495 Mexico City Radio Red Network in Spanish 0000 GMT 24 Jun 95

[Report by Antonio Guzman from "The Night Monitor" newscast]

[FBIS Translated Text] A few minutes ago a news conference granted by Javier Burke, the World Bank's vice president for Latin America, concluded.

The official gave details about a loan of $1.513 billion granted today to Mexico. He insisted that Mexico's crisis had its origin in political events and in the violence of 1994. He put special emphasis on the beginning of events involving the Zapatist National Liberation Army in Chiapas. He also mentioned the assassinations of Luis

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Donaldo Colosio and Jose Francisco Ruiz Massieu and the August 1994 elections.

These four events, he said, were the underlying causes of the development of the crisis being endured. These events coincided with an external factor: the increase in U.S. interest rates. Because of Mexico's dependency on short-term capital, this capital was taken out of the country, and this produced an adverse situation. In this regard, he said:

[Begin Burke recording in English with superimposed translation] This had an impact on the flow of capital to Mexico. There was a combination of situations. There had been too much trust in short-term capital and on economic development outside Mexico. All this contributed to the crisis. [end recording]

Burke also emphasized that, if political uncertainty and violence continues, this will have an impact on the economy.

[Begin Burke recording in English with superimposed translation] If the political situation remains uncertain, this will have an impact on the Mexican economy. [end recording]

Burke said later in the news conference that the country's crisis would be worse if the Mexican Government had not strictly followed the guidelines established by the World Bank. This compliance lessened the impact of the crisis we are enduring, he noted.

Regarding credits, he said the $1.513 billion credit shows there is confidence that Mexico's economy remains fundamentally solid, but it is important, he said, that the Mexican Government maintain its current program for the elimination of structural obstacles that hamper economic growth, the program that calls for privatization and decentralization.

The Finance Secretariat has issued a communique reporting specific points of the credit. The communique states that this completes the support package for $2.763 billion from international financial organizations. This includes the $1.250 billion granted Wednesday from the Inter-American Development Bank.

The Finance Secretariat communique reports that Finance Secretary Guillermo Ortiz Martinez has stated that the portion that will be channeled to support banks, $1 billion, will permit the capitalization of the banking system and make it solid because it will not only support and give relief to creditors, but it will also be essential to support economic recovery. He insisted that Mexico's banking system must remain healthy to be able to respond flexibly and in a timely manner to the financial needs of the nation's productive system.

Banxico Announces Cetes, Bondes Auction 27 Jun

PA2406231095 Mexico City NOTIMEX in Spanish 1019 GMT 24 Jun 95

[FBIS Translated Text] Mexico City, 24 Jun (NOTIMEX) — The Bank of Mexico (Banxico) has announced that it will try to place, among local and foreign investors, 3.5 billion new pesos in Cetes [treasury certificates] and 800 million new pesos in Bondes [Federal Government Development Bonds].

The central bank pointed out that the next Cetes auction on 27 June will offer 1.2 billion new pesos worth of such instruments with a 28-day maturity period.

It will also try to place among investors 1.15 billion new pesos each of the 91-day and 182-day Cetes, the bank added.

In this auction of government securities, Banxico will offer 400 million new pesos in Bondes with a 364-day maturity period, and it will also try to place an equal amount in Bondes with a 728-day maturity period.

According to financial analysts, there could be another general drop in Cetes interest rates of between 1 and 2 percent next week.

That possible drop, they added, will be prompted by the downward trend in the inflation rate observed during the first half of June.

Roundup of Mexico Economic Developments

PA2606042395

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 25 June 1995.

According to a Mexico City, 20 June datelined item, Ramon Flores Alcazar, president of the National Footwear Suppliers' Association, disclosed that the Mexican footwear industry had recorded a 45 percent decline during the past three years. He added that, during the same period, nearly 70,000 jobs had been lost, and 70 million pairs of shoes had not been manufactured. During a recent press conference, Flores Alcazar stressed that 35 million pairs of shoes had entered the Mexican market illegally, a situation which "has caused a strong negative impact on local manufacturers." In fact, he commented, the Mexican footwear industry is currently operating at 50 percent of total capacity, and 15,000 workers have been laid off during the past five months. (Mexico City NOTIMEX in Spanish 0006 GMT 20 Jun 95)

According to a Mexico City, 19 June datelined report, a Mexican Petroleum [Pemex] bulletin explains that on

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average, this state-owned agency had extracted nearly 2.670 million barrels of crude oil daily during the first five months of the year, sufficient to cover both domestic and foreign demand. Pemex also explained that during the same period its exploration and production division had obtained 1.454 million barrels of light and intermediate crude, as well as 1.216 million barrels of heavy crude. The petroleum agency also explains that the Campeche Sound region continues to be the area of most productivity, with an average of 2.7 million barrels per day, 75 percent of the total amount produced during the first five months of the year. (Mexico City NOTIMEX in Spanish 2339 GMT 19 Jun 95)

In a 19 June report datelined Mexico City, official government sources disclosed that Spanish private investments in Mexico up until February 1995 amounted to $1.1 billion. Carlos Garcia, spokesman for the Commerce and Industrial Development Secretariat (Secofi), explained that 601 Spanish capital corporations are currently operating in Mexico; 5.4 percent of the total number of foreign companies in the country. According to Secofi's Foreign Investments Registrar, Spain occupies the fifth position among EU nations investing in Mexico. In addition, with 22 percent of the total number, Spain also occupies the first place as relates to the number of joint corporations established in the country. (Madrid EFE in Spanish 1827 GMT 19 Jun 95)

Tourism Undersecretary Porfirio Gonzalez Garza, according to a Mexico City report datelined 19 June, reports that the number of foreign tourists visiting the northern state of Nuevo Leon during the first five months of the year had increased by 34 percent with respect to the same period last year. The official explained that nearly 84,000 foreign tourists visited Nuevo Leon during 1994, while in 1995 the number increased to 115,000. On the other hand, the tourism undersecretary acknowledged that the overall number of tourists visiting Mexico had dropped by 8 percent, and that while hotel occupancy rate during the first five months of 1994 had been 62 percent, it currently stands at 50 percent. (Mexico City NOTIMEX in Spanish 1549 GMT 19 Jun 95)

According to a Mexico City, 21 June datelined item, today the IDB approved two loans for Mexico worth $1.25 billion intended for financial restructuring and social services of low income sectors. (Mexico City NOTIMEX in Spanish 1951 GMT 21 Jun 95)

The EU and Mexico reached "an informal agreement" for less-stringent application of rules of origin for products from European countries. It has been described as an "unwritten agreement between gentlemen." Conditions remain unchanged for products from Asian countries. (Mexico City REFORMA in Spanish 21 Jun 95 p 25a)

Productive investment continues to register the most dramatic downturn in the past 12 years, which will hinder the possibility of the economy recovering at socially acceptable levels in the quickest time possible. The latest information covers February, which shows that investments plummeted 17.9 percent. The average drop was 11.9 percent during the first two months of 1994. From November, the investments registered an accumulated 26.5 percent drop, the worst beginning for an administration since President Miguel De la Madrid's, according to Bank of Mexico reports. Poor investments are partly reflected in improved trade balances, because the purchase of intermediate and capital goods abroad has tended to drop. (Mexico City EL FINANCIERO 21 Jun 95 p 25)

Businessmen in the railway sector expect that the privatization of the National Railways of Mexico will generate business opportunities worth more than $72 billion over the next 10 years. There will be opportunities such as machinery maintenance and repair as well as building container terminals in the valley of Mexico, Monterrey, Guadalajara, and San Luis de Potosi. Before this, the parastate enterprise intends forming a corporate body to take charge of the financial liabilities as well as the more than 50,000 pensioners. (Mexico City EL FINANCIERO in Spanish 21 Jun 95 p 10)

Mexico City Chamber of Commerce survey shows that sales for small and medium-sized businesses in Mexico City dropped 52.5 percent due mostly to price hikes. A study shows that more than half the businessmen interviewed have payment problems, 80.7 percent owe their suppliers, 15 percent owe their banks, and 3.9 percent owe various creditors. Expectations for the remaining part of 1995 are poor, with 96.2 percent of the businessmen expecting no change, although 3.8 percent feel optimistic. The poll shows that 86.7 percent of the stores have not had any changes in personnel for the past year. The businesses have an average of three employees. Of those polled, 12.8 percent reported a drop in employees due mainly to the drop in sales. (Mexico City EL FINANCIERO in Spanish 21 Jun 95 p 27)

According to a Monterrey, 22 June datelined item, Mexican Cement exports increased 200 percent compared to 1994 sales. This will earn $120 million, according to Director Hector Medina Aguilar. He further stated that, due to the crisis, domestic sales dropped 20 percent. A cement plant will soon be inaugurated in Puebla to produce 3.2 million tons of cement a year. The investment will cost $350 million. (Mexico City NOTIMEX in Spanish 1550 GMT 22 Jun 95)

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Stephen Porter, director of national studies and perspectives of the OECD, believes that the economic adjustments applied by the Mexican Government will strengthen Mexico's future development, according to 25 June report datelined Mexico City. Porter believes that a 3-percent growth rate can be expected in 1996 as investors regain confidence. Porter heads a delegation visiting Mexico and met with Jaime Zabludovsky Kuper, undersecretary for international trade negotiations of the Commerce and Industrial Development Secretariat. Zabludovsky also met with Mitsubishi's Jack Osborn, who announced the expansion of the Mexicali television factory from 250 workers to 1,200. (Mexico City NOTIMEX in Spanish 2210 GMT 25 Jun 95)

Latin America's economic problems have also had their effect on Mexican automobile assembly plants. The Volkswagen plant in Puebla had to cancel an order of approximately 20,000 vehicles that were to be exported to Brazil. The order was canceled at the last minute due to that country's economic problems. Volkswagen de Mexico has announced another technical stoppage and will send 6,475 workers home on forced leave after the last month in June. (Mexico City Radio Red Network in Spanish 0000 GMT 23 Jun 95)

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Guatemala

De Leon Praises URNG Initiative To Endorse Political Front

PA2706010595 Guatemala City Teleonce Television in Spanish 0345 GMT 26 Jun 95

[From the "Telepress Newscast"]

[FBIS Translated Text] The Guatemalan National Revolutionary Unity [URNG] has announced that it will support a political front, which will be announced in the coming days. President Ramiro de Leon Carpio praised the initiative by the URNG, which came on the heels of his recent appeal for a massive turnout of voters at the polls.

[Begin recording] [De Leon] The URNG has been quite clear in saying that it will support and endorse a political group, a specific political candidate, or candidates, who in its opinion meet the conditions to obtain their support. At no time has it said it is going to participate directly. The URNG knows that it cannot do so. That will be possible only when the final signing of peace is secured, when it achieves the legal possibility of joining or integrating national life, as has occurred in all peace processes. We hope that will be the case, because it would be one way of reaching power: the democratic, legal path.

Whoever has a philosophy, a political petition and wants to validate it by governing, the paths exist and are outlined in an electoral system such as ours. It is a system of legality, of law. I can tell you that I believe all Guatemalans have viewed positively the appeal made by the URNG for the first time in 34 years. As you will recall, in the past the URNG always clamored for abstentionism and tried to delegitimize the elections during these 34 years.

Today it is virtually accepting the legitimacy of a popular, democratic election, based on a political constitution, which it is virtually and tacitly accepting. It has even gone beyond that. That is positive, and we must recognize it frankly. The government and the people must recognize that the URNG wants to participate, that is a good path. It is choosing the correct path, which is the path that should have been chosen by those who opted for an illegal path.

Today it is correcting its course, according to its convictions, according to the conditions established at this moment. We are especially pleased. I think all Guatemalans are satisfied that weapons will be silenced and that the URNG is going to participate in the elections to attain power and even to implement a philosophical and political system that it may want to implement.

[Unidentified reporter] What would be the repercussions for a political party that is going to engage in such an alliance with the URNG?

[De Leon] We don't really know what would be the electoral repercussions of such an alliance. We don't really know of what this support will consist. I don't think there will be any negative repercussions. On the contrary, we are in a stage of transition, and I believe your question is directed at what is going to happen. I think that, given the existing freedom — despite the existing problems in Guatemala — there have been similar cases in many parts of the world. Although this reconciliation, this acceptance has taken awhile to have the participation of those who previously were in the mountains, those who were former terrorists, who had taken up arms illegally and today are rejoining national life, that is part of the reconciliation. That is why it is the first step of the process and of the government's national peace plan. The second step is the fight against poverty, and the third step is the end of the armed confrontation. Today we are engaged in a phase of the process that is the analysis of the latest substantial topics. Once we have finished with these, we will begin to study the operational phase. We have achieved much progress in this aspect, which is precisely the participation of the URNG and its support of one or several political parties in the elections and of a given candidate, etc. If we analyze this well, we view it as something that is very positive after 34, almost 35 years [words indistinct]. [end recording]

Rebel Leader Comments on URNG's Political Plan

PA2706041695 Guatemala City PRENSA LIBRE in Spanish 26 Jun 95 p 8

[FBIS Translated Text] Rolando Moran, a member of the General Command of the Guatemalan National Revolutionary Unity, URNG, yesterday explained in a telephone interview certain issues regarding the rebel forces' participation in the upcoming general elections.

We do not have a political plan for these elections; we have a long-term plan, Moran said. According to what he explained, they are participating in a global project based on social consensus and on the formation of a broad front. *We want to do away with all the* (traditional) *forms of conducting politics in Guatemala, and we believe that all sectors have the same right to join and participate politically,* he affirmed.

The URNG Command believes that the government plan must include all the country's social and political forces and that, therefore, the URNG does not have its own governing plan, but will actively participate in the creation of such a plan through a broad front.

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Our participation is sui generis (unique); we constitute a political and military force. However, we are planning to participate (in the elections).

Moran also explained that the URNG does not expect the government to offer full guarantees for its open participation, because war goes on. He pointed out that it is not trying to get in or be accepted, because the problem will have to be resolved through the peace process. *Meanwhile, however, no one could deny us the right to and the possibility of participating politically,* he emphasized.

Commander Moran said he could not comment on whether the rate of abstentions would drop; he could give an opinion on the fact that there is an expectation that had not materialized for the past 40 years in Guatemala. Finally, the commander underscored that the URNG does not believe in polls, but in the political force of ideas and in the layouts that will meet the people's aspirations and demands.

We believe this idea is much more effective than the vote, which is an action occurring every four years. Depending on the outcome of the peace negotiations, there is the possibility of the URNG becoming a political party with a view to the 2000 elections. *Anyway,* Moran went on, *we will remain a valid option in the country's political life.*

Other Sectors Give an Opinion

Attorney Manuel Conde Orellana, president of the Peace Commission of the Central American Parliament, Parlacen, regards the URNG's electoral participation as part of the process of strengthening democracy.

It is an opportunity for those Guatemalans who were isolated or exiled due to the lack of political opportunities to fearlessly come out, even for those who never took up arms, Conde maintained. He believes that it would be advisable for the URNG to become a political party, which could allow the admission of other groups with similar ideas. *This is how,* Conde assessed, *the political scenario will expand as it collects and incorporates the proposals made by other sectors that have stayed outside for the time being.*

The 1993 interruption of the constitutional order triggered a delay in the peace signing and in the URNG's insertion into politics, Conde asserted. He believes that if the peace process had ended two years ago, as planned, the URNG would actually be in the position of being able to fully participate in the elections and obtaining better results than today, as it is still holding on to arms.

Conde said: *Its actions have been carried out in the military field rather than in the political arena.* As for the ideological focus the URNG should brandish, Conde believes that *its political proposal would have to be supported in 1995 with a view to the year 2000, not to the 1960's or the 1970's.*

Nicaragua

Lacayo Visits Rivas, Presents 'National Project'

PA2706043995 Managua EL NUEVO DIARIO in Spanish 26 Jun 95 p 8

[Report by Flor de Maria Palma I.]

[FBIS Translated Text] While launching his political project in Rivas, Minister Antonio Lacayo denied he is after the country's mayors. Then he added, quite contrarily, that his party will wait one year and then remove all "useless" municipal councilmen and instead appoint people who endorse the National Project.

In a 40-minute speech in the Rosendo Lopez Institute's auditorium on Saturday afternoon, the minister abounded in details on the "good thoughts" of the World Bank, IDB [Inter-American Development Bank], and IMF for Nicaragua. In his speech, Lacayo did not indicate how he will remove all municipal councilmen, however.

After describing his group as "The New Political Power in Nicaragua," Lacayo said they have nothing to do with those who occupied the National Assembly or those who sent them to do this. He did say his group will take political power in the 1996 elections.

In his short visit to the city, Lacayo was accompanied by several government officials, businessmen, and labor leaders. One of the latter, Jose Espinoza of the CTN [Nicaraguan Workers Federation], said he felt proud to be a political supporter [matraquero]. After saying that the unemployment rate is higher than 60 percent in the country and that there is hunger, Lacayo did not mention the names of those responsible for the situation but added that the present situation can be overcome only through the National Project.

The event was marked by the presence of local government workers with their spouses, daughters, sons, and other relatives, as well as producers, bus drivers, and people from several municipalities in the department and others who came from Masaya, Managua, and Chinandega.

EL NUEVO DIARIO learned that some of the political parties helping Lacayo in his campaign are dissatisfied over the monopoly that Lacayo has been displaying, to

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the extent that he takes for granted his right to count the MDN [Nicaraguan Democratic Movement] as one of his own without even asking for the members' consent. The parties were further upset because the program that the local leaders had prepared was thrown away and the one prepared in Managua was carried out instead.

Minister Notes Growing Economic Contribution From Tourism

PA2406204595 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 23 Jun 95

[From the "National Newscast"]

[FBIS Translated Text] According to a press bulletin issued by the Tourism Ministry, recent official figures show that tourism has increased nearly 227 percent from 1990 to date.

This percentage reflects the amount of liquid foreign currency entering the country from tourism activities. Nearly $8 million entered the country in 1990, while $40 million entered in 1994, a trend that reflects the rapid increase in revenues from this activity.

[Begin recording] [Tourism Minister Fernando Guzman] This simply gives you an idea of how the activity is becoming one of the most dynamic sectors of the Nicaraguan economy. It could well become one of the country's main generators of foreign currency. I would even venture to say that the activity could encourage the most jobs during the next few years. [end recording]

Minister Guzman also stated that at any rate, there are still numerous infrastructure investments to undertake, as well as to promote the perception that Nicaragua should be acknowledged as a tourism center.

Tourism grew 18 percent during the first quarter of the year despite these shortcomings. This growth could well increase over the next few months.

It is so widely acknowledged that tourism could contribute tremendously to the region's development that the subject has been included on the agenda of the upcoming Central American presidential summit in San Pedro Sula, Honduras.

In addition, the climate of integration and free trade in the hemisphere is expected to favor tourism.

The United States, however, warns its citizens about the lack of security in Nicaragua.

[Begin Guzman recording, in progress] ... which points out several things that possibly may have been true at a particular time, or things one may have been able to prove but which are no longer valid today. It is very difficult to alter this perception. It is not something particular to Nicaragua but is a perception that applies to several Latin American countries. In this respect, we have been urging the U.S. State Department to modify this policy. [end recording]

Guzman believes that in the near future tourism could become the second or first most important foreign currency generating activity in the country.

Telcor Officials Reportedly Behind Wiretapping

PA2506174795 Managua BARRICADA in Spanish 23 Jun 95 pp 1, 7

[Report by Noel Irias]

[FBIS Translated Text] According to statements gathered by BARRICADA, supervisors ordered Telcor's [Nicaraguan Telecommunications and Postal Services Institute] wiretapping of the telephones of the country's main political leaders, including President Violeta Chamorro, with the full knowledge of the institution's main authorities.

Nevertheless, when Telcor spokesman Orlando Barrera was asked if there was a possibility that Telcor management was aware of the illegal wiretapping, he replied: "Impossible." He also denied that a group of technicians or individuals plant illegal wiretaps. Barrera asserted: "Our technical sectors work in groups, and such an activity would have been quickly detected. It would be very difficult for this to go unnoticed."

According to our sources, Ruben Ruiz, Telcor technical supervision or quality control chief, orders the wiretapping, which must be installed at any of the 17 telephone exchanges in Managua. Ruiz, whose office is located in the Telcor Building in Altamira, has a group of people under his command who plant the wiretaps.

Our sources have identified the following as the people who plant the telephone taps: Orlando Sobalvarro, connection line chief at the Ticomo telephone exchange; Roger Morales, Telcor-Portezuelo installation unit chief; and Salvadora Sandoval, main distributor operator at the Christian Perez neighborhood telephone exchange.

Within the Telcor technical structure in Managua, Ticomo, Portezuelo, and 14 September neighborhood are the places where it is most feasible to carry out this type of illegal activity effectively. Sobalvarro and Morales are fundamental to the operation because they are in command positions in Ticomo and Portezuelo. Thus they can order lower ranking personnel to install the taps without them knowing exactly who gave the order or the identity of the person whose phone is being tapped.

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Employees Are Deceived

According to our sources, Ruiz has the full cooperation of Enrique Gutierrez, the deputy director of the external telephone exchange at the 14 September neighborhood installations. When a Telcor employee who has been ordered to tap a telephone shows surprise or is unwilling to do the job, Sobalvarro, Morales, or Ruiz confirm the order and maintain that it is "a national security job" or "an important police operation." At other times Ruiz calls on Operations and Maintenance Director Harold Martinez to order that the phones be tapped at several Telcor telephone exchanges.

Ruiz also heads a special unit of technicians who are the only ones authorized to make repairs and installations at the homes and offices of high-ranking government officials, political leaders, and embassies. Our informants have identified a few of the members of this special unit. They are Javier Hernandez, Abel, Jorge — nicknamed Chayanne — and Izaguirre. The special unit's work is totally legal. However, these people are also used to tap the phones in the homes and offices of people to whom they provide service.

In regards to embassies, our sources assert that three of the telephones in the Peace Corps offices, which is ascribed to the U.S. Embassy, have been tapped. Those telephones are 667036, 667034, and 667033.

An important question must be asked: Do top Telcor officials know that telephone espionage is going on at their telephone exchange stations?

Telephone tapping is not new in Telcor's history. Over the past decade, the General Directorate of State Security, DGSE, had an office called F6 which used technical mechanisms to conduct intelligence work. The F6A section was in charge of tapping phones, and it worked at Telcor under the name of Department 1. According to a former employee, this unit was "a Telcor within a Telcor" and had broad attributes and powers. The office was dismantled and disappeared in 1990.

Our informants, however, maintain that the new Telcor authorities have created another illegal espionage mechanism managed by Hermes Guerrero, whose official responsibility is to integrate the institution's regional telephones.

Well-Paid Personnel

Guerrero recruited technical personnel he trusted and gave them unofficial bonuses to do the jobs. According to the source, Guerrero was fired because he was not happy with the Chamorro administration and made the serious mistake of tapping the telephones of the presidency. The espionage work, however, did not stop. Guerrero was replaced by Ricardo Lira as special area chief in 1992. Among other things, Lira took care of the presidency's numbers.

Former National Assembly President Alfredo Cesar told BARRICADA that during his mandate he complained that his phones were tapped to then Telcor Director Pablo Vigil and Deputy Director Rolando Rivas; the latter of whom is now the institution's top authority. Both officials said they could not assure the espionage would stop because they had orders to allow it to continue.

According to the sources, the top Telcor authorities are fully informed of what takes place at their telephone exchange stations. A high-ranking Telcor official reported that an illegal wiretapping device had been found during a technical checkup of one of the digital telephone exchanges in Managua in mid-April. High-level Telcor officials immediately came to investigate the case. The officials were Operations and Maintenance Director Harold Martinez, Deputy Division Director Roger Noguera, External Telephone Exchange Director Boanerges Irias, and Internal Telephone Exchange Director Rodolfo Diaz. The officials did find the illegal connection, but the case died there.

We must note at this time that according to Telcor's chain of command, Ruben Ruiz is directly subordinate to Boanerges Irias, who responds directly to Gabriel Chamorro, the custom attention division director.

The informants also report that Telcor has a data updating unit that periodically reviews telephone exchange stations to update basic information on users and the quality of service. The inspectors who work in this unit constantly report tapped telephone lines, but this does not trigger any action from management.

Furthermore, many people must to participate to direct a telephone call to the place where it will be tapped. The tapping of President Chamorro's and FSLN [Sandinist National Liberation Front] Secretary General Daniel Ortega's telephones required a connection in Las Palmas. The line was then transferred to the installations in the Jorge Navarro Building, from there to Villa Fontana, and finally to Las Colinas, where, the sources say, the recording installations are located. This means many people have to coordinate actions at each exchange station to make the connections and to determine that the communication is good.

The celerity with which the telephone taps were removed after the sabotage of the Las Colinas electricity lines just before Holy Week shows that personnel coordination is quick and efficient. To repair a cable — which has 100 pairs — technicians must test each pair;

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that is, they must test to find out the number of the cable. Thus if Telcor would have left the taps in place, the repair personnel would have asked why there were numbers that started with six in a cable that was going to people whose number started with seven.

If you, dear reader, do not believe Telcor can make a telephone call go through all Managua, all you have to do is dial 784444 and ask to be connected to the offices in Portezuelo or Ticomo. Your call will passed expeditiously, but the truth is that this telephone is located in Villa Fontana.

Further proof that Telcor controls private conversations — this is no secret — is that it has a computer center in Villa Fontana that is divided between the Telematic and Informatic offices. Our sources assert that personnel from other offices arrive periodically at those offices to pick up the lists of calls made or received by a specific person. This information is obtained from the computer's magnetic tapes, which register all telephone activities. The Informatic office processes the information and selects specific data from it. They can thus establish a pattern of telephone activities of users of political interest. At the request of a client, this process can also be used to screen crank calls made to their telephone. The information also allows Telcor to know exactly how much it must charge for its special services.

The orders to tap a telephone are always given to Telcor personnel verbally, never in writing. They are also never noted in operators' daily records.

A well-known national political leader told BARRICADA that he decided to complain to Telcor authorities because he was convinced his telephone was tapped. Personnel from the Telcor special unit checked his telephone lines and the telephone boxes and determined that the telephone was not tapped and only required a minor technical repair. The politician said: "Ruiz told me he did not do this type of work — illegal tapping — unless he had written authorization from Telcor Director Rolando Rivas."

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Argentina

Impromptu Menem News Conference Highlighted

PY2706021195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1517 GMT 23 Jun 95

[FBIS Translated Excerpt] Buenos Aires, 23 Jun (NA) — President Carlos Menem today asserted that Brazil's decision to devalue the real "will not affect Argentina." He also confirmed all his ministers, especially [Economy Minister] Domingo Cavallo, who will continue "until 1999." The head of state moreover announced the privatization of ATC [Argentina Televisora Color] Network — the only television station owned by the government.

In an impromptu news conference at the Press Room of Government House this morning, Menem stated that "there will be no devaluation" in Argentina. He reiterated that Cordoba Province must privatize its state-owned enterprises to extricate itself from its economic crisis. While conceding that "the provinces are going through a very difficult situation," the president ruled out the possibility of violent disturbances.

Menem emphasized that, as provinces undertake structural reforms, "things will change." He contended that following the enactment of several labor laws, the scourge of unemployment will show a downward trend.

"As I have been telling Governor (Eduardo) Angeloz for more than three years, Cordoba must privatize its public companies. I respect him, but I recall that during the [1989] election campaign, he said that if was elected president, he would privatize all government-owned companies. Now, he acceded to the governorship but, for the time being, he has not done anything at all," Menem underlined.

Commenting on the devaluation of the real ordered by the Brazilian Government, the head of state said: "Brazil has an exchange lag of more than 30 percent; besides, it does not have a fixed exchange rate as we do, and it had to devalue its currency because the inflation rate was quite high."

Changing subjects, Menem said that Economy Minister Domingo Cavallo — whom he confirmed in his position — will be in charge of the economic portfolio "until 1999," adding that "whether one likes it or not, politicians never retire."

The president categorically stated that there will be no changes in the cabinet after 8 July when he assumes his second four-year term of office. He made it clear that he will only think about a reshuffle once the ministries reform law is enacted.

With regard to the future sale of the official television channel, Menem said: "If possible, we will soon take the necessary steps to privatize ATC" Network.

The head of state estimated that the privatization of the government-owned television station may take place this year, "or at the beginning of next year."

Changing subjects once again, the president referred to the scourge of unemployment, commenting that today he read an article published in a Buenos Aires daily stating that "a slight upswing in economic activity is already noticeable" in industry and retail businesses.

"I had said that we would begin noticing an economic upturn as of August, more or less, and I think that things will have improved by August. We are now extricating ourselves from this crisis into which we were plunged by the Mexican crisis," he added.

Menem pointed out that "steel production — which is crucial in terms of economic pump-priming, has surpassed last year's levels."

He subsequently announced that Bahia Blanca Petrochemical Company and Indupa [expansion unknown] "will definitely have been privatized by the end of the year. This will constitute a substantial contribution for the nation's coffers." He reiterated that other privatizations, such as the Yacyreta [hydropower plant] and nuclear power plants, will follow suit.

The president deemed that these restructuring measures "will bring about an upswing in economic activity and we will thus be able to make strides in reducing unemployment." He reiterated that he intended to lower the unemployment rate to 5 or 6 percent in the forthcoming years.

With regard to remarks made by Monsignor Osvaldo Musto, who put forward the idea of not servicing the external debt for a year, Menem noted that the prelate "had not said that, and that he took the trouble of making the necessary clarifications after learning about some politicians' reactions."

"He has not rectified his remarks; he has simply elucidated them by placing them in a broader context encompassing national and international economic circumstances," he added.

The head of state further stated that "Monsignor Musto knows a thing or two about economics and is aware of the fact that if Argentina defaults on its external debt, there will be no inflow of money into the country at all, whether it be for investments or from loans from major international organizations."

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"He is very well aware of that. It would complicate Argentina's social and economic life," he added. Moving on to another topic, the president announced that "the continuity of the model" will form the basis of his inaugural speech on 8 July.

Having commented, with a smile on his face, that his address "will not last more than 10 or 15 minutes, so that people do not get bored," Menem said: "The message cannot be changed; it can only be improved." He announced that his inaugural speech will be related to "the one delivered on 1 March" marking a new opening of Congress.

He contended that Justicialist "lawmakers have committed themselves" to approving the patents corrective law "before the end of June." He stressed that "promises are meant to be kept."

He nonetheless commented that the enactment of the corrective legislation "may be delayed for a week due to some problem when it is under debate, but the commitment stands, and I hope that my fellow party members will keep their word, as they have always done."

Asked whether the resignation of Douglas Hurd, the UK secretary of state for foreign and Commonwealth affairs, will affect relations between Argentina and Great Britain, Menem replied that "it will not affect relations in the least."

"As long as there is institutional continuity, relations between countries are maintained unchanged," he added. [passage omitted]

Menem: Brazil's Real Devaluation Not Surprising

PY2706003495 Buenos Aires TELAM in Spanish 1941 GMT 24 Jun 95

[FBIS Translated Excerpt] Buenos Aires, 24 Jun (TELAM) — President Carlos Menem today emphasized that the devaluation of the Brazilian currency did not catch the Argentine Government by surprise because Brazil's Real was overvalued and it was necessary for Brazil to take this measure to achieve a trade balance.

Menem explained: "Brazil's Real was overvalued very quickly and all of a sudden Brazil was confronted with the entry of products from around the world and did not have any possibility of exporting due to its exchange rate. Brazil was forced to devaluate its currency to balance its trade. Therefore, this measure did not catch us by surprise."

In remarks to Radio America, the president added: "Therefore, an effort was made to impose some type of quota for Argentine exports to Brazil, but we immediately took the appropriate measures, and now we are holding talks."

Menem emphasized "the change of stance of the Brazilian minister (of industry and commerce, Dorothea Werneck), who initially talked about implementing a car quota system within 30 days and now talks about 60 or 90 days."

The president said: "She realized that her expressions had been very tough and, after negotiations began, she gradually changed her stance."

Asked if he had not been very tough in his stance during the Mercosur [Common Market of the South] summit in Sao Paulo, Menem responded: "I was not tough, but firm. Toughness in championing the agreements achieved must not be confused with firmness."

Menem confirmed: "We cannot permit the possibility of erasing with the elbow what was written by hand. The Ouro Preto Agreement rules out any possibility of implementing car quotas."

Menem pointed out: "After our meeting with the Brazilian delegation yesterday, things stand much better. Talks are progressing very smoothly, and I am convinced that we will settle the car system issue." [passage omitted]

Menem: 'Ultraleft Vandals' Involved in Cordoba Violence

PY2606222895 Buenos Aires TELAM in Spanish 1821 GMT 24 Jun 95

[FBIS Translated Text] Buenos Aires, 24 Jun (TELAM) — President Carlos Menem today held "ultraleft vandals" responsible for the acts of violence in Cordoba. He also criticized the attitude of [Cordoba Governor] Eduardo Angeloz, noting that the federal government is not responsible for the financial crisis of that province.

Menem emphasized that the activists who caused disorders in Cordoba belong to "ultraleft groups that are operating throughout our country." He pointed out that these activists "infiltrate" the protests, as "happened a few days ago, during a peaceful march by university students" in the federal capital.

In remarks to Radio America, Menem pointed out: "These people belong to the All for the Fatherland Movement, Free Fatherland Movement, Guevarist Movement [Movimiento Guevarista], and the Tupac Amaru Movement." He said: "They are heirs to the violence endured by Argentina in other periods, something intolerable."

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Menem emphasized: "It seems normal to me, here and anywhere in the world, for workers to go out and protest over a delay in the payment of their wages."

Nevertheless, Menem noted: "Engaging in destruction, storming the headquarters of Argentina's most traditional party, destroying stores and breaking display windows are vandalistic acts that obviously are not proper of workers."

Menem emphasized that federal intervention in Cordoba Province "had never been discussed." He pointed out that the government of Angeloz had been contacted when the incidents were extremely serious "to see if he required any type of border police or federal police reinforcement."

Menem refuted criticism leveled by the Radical Civic Union, which blamed the federal government for the financial crisis troubling Cordoba Province. He argued that his administration has cooperated with that province "well beyond" its obligations.

The head of state declared: "With all due respect for Angeloz, who is a friend of mine, I think that the federal government is not responsible for what is happening in Cordoba."

He added that the provincial administration "still owes workers $150 million for their May wages." What is more, "it has not yet taken the necessary steps to raise funds to pay their June wages, and nobody knows how it will obtain those financial resources."

He stated: "The federal government not only allocated to Cordoba its share of the revenue-sharing scheme, but — at the request of this president — has gone well beyond that."

Menem said that he had received "complaints from other provinces because Cordoba gets preferential treatment." He thus rejected Angeloz's charges of an alleged discrimination against his province.

The president argued: "I am awfully sorry to say so, but it is obvious that the provincial administration cannot pay public servants' wages because government spending has grown and now the administration is all of a sudden confronted with this very difficult and embarrassing situation."

Menem denied that the federal government accorded preferential treatment to other provinces like La Rioja. He recalled that his native province "had privatized the Bank of the Province of La Rioja and all public utility companies."

"In honoring its commitments, La Rioja was able, little by little, to recover its wealth through the implementation of those measures, which is something that, unfortunately, Cordoba has failed to do," he underscored.

The head of state also mentioned the example of San Luis, which is "a very well administered province, just neighboring on Cordoba."

He said that while Angeloz "has been in office for 12 years," San Luis Governor Adolfo Rodriguez Saa "has been reelected for the third time," and yet "not a single incident" has been reported there.

Di Tella's 'Sarcastic' Remarks Viewed

PY2606174095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1804 GMT 23 Jun 95

[Special article for NOTICIAS ARGENTINAS by Pepe Eliaschev]

[FBIS Translated Text] Buenos Aires, 23 Jun (NA) — [Foreign Minister] Engineer Guido Di Tella has been concerned for a long time about the "increase of dark-skinned people" ["marronizacion"] in Argentina. He emphasizes that the flow of immigrants from Bolivia and Paraguay will irrevocably change our country's ethnic map and that not less than 40 percent of our population will be mestizos with dark skin by the year 2020. Well understood; there actually exists a healthy migratory problem: Argentina is a country that receives immigrants from various neighboring nations, a fact that cannot be denied by any "sympathetic" cretinism. Upon mentioning this issue, Di Tella relies on a disavowable fact, but indulges in aggressive frivolity that damages our country. The latest examples prove this.

The trouble is that Foreign Minister Di Tella does not understand the problem. Inveterately fond of metaphors and circumlocutions, but also fascinated by the revulsive nature of his verbal transgressions, the foreign minister of the Menem administration not only is unconcerned about the useless confrontations caused by his "blunders," but even seems to have a good time with the repercussions of his apparently deliberate lapses.

Marriage to the United Kingdom

For President Carlos Menem, the relations with the United Kingdom are absolutely decisive. In Buenos Aires, an influential school of thought claims that Dr. Menem has turned the recovery of the Malvinas Islands into a basic conjectural platform associated with hopes for a second reelection in 1999. As he did on the first occasion in 1989, he — nevertheless — denied such a plan. The foreign minister spends much of his time in London. Di Tella's activities in London are absolutely concentrated on the goal of seducing the United Kingdom. Therefore, it is customary for him to

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make "off" [preceding word in English] and "on" the record [preceding three words in English] remarks in the British capital, causing rather irritating situations.

A few words uttered by Di Tella at the Argentine Club of London a few days ago dropped like a poisonous candy into the stomachs of Argentina's neighbors, poisoning the relations and stressing the old (and rather appropriate] stereotype that we Argentines (and particularly the Buenos Aires dwellers) openly are pathetic racists, with prejudices that can hardly be concealed. The foreign minister made remarks during an informal meeting in which it was supposed that his words would not be reproduced. He again resorted to ironic and sarcastic remarks that not everyone received with pleasure. Di Tella described his remarks as British humor.

What would happen if U.S. Secretary of State Warren Christopher described as "horrible people" the Mexicans, a country with which the United States is associated in the [North American] Free Trade Agreement? Di Tella described Paraguayans and Bolivians as "horrible people," and emphasized that Argentina enjoys being "with the rich and beautiful," hinting at the industrial democracies in the West. This would be the amusing side of his remarks, which, taken literally, have direct and disastrous characteristics. Concerned about Di Tella's blunders in London, the foreign minister's inner circle explained that, quite the contrary, Di Tella had intelligently and with clairvoyant brilliance warned about the racial discrimination problems that Argentina would face within 20 years unless South America's current migratory flow is discontinued.

A Foreign Minister in Trouble

From the ideological perspective of opting for the rich and powerful, the Menem administration's foreign minister discontinued Argentine ties with Africa, Asia, and Latin America's poorest nations, or at least significantly downgraded their priority for Argentine foreign policy. It will be impossible to wipe out from current historical accounts Di Tella's renowned dictum. Upon beginning his duties, he noted that Argentina should seek carnal relations with the United States, the disturbing advice of carnal subservience (as it is unthinkable to consider any parity with the United States), of which he has not repented. This proposal had obvious consequences, as proven by the actions carried out by the able and forceful U.S. Ambassador James Cheek. The U.S. Government has instructed Cheek to adopt the most sensational and even vulgar profile possible toward the government of President Menem.

The problem with Di Tella is that his apparent blunders, devised by an intelligence of the Anglo-Saxon type that is prone to engaging in subtleties, are combined with his view of world affairs, for which he does not apologize, alleging that it was a joke. Di Tella thus explains that the government of Dr. Menem prefers to enter into partnerships with developed countries. This "preference" (a word chosen by the foreign minister) is the key to the Menemist foreign policy. The Peronist foreign minister adds: "For a long time, under a realm of odd ideologies, we renounced any possibility of entering into partnerships with rich and powerful countries, and favored a bookish Third World stance that did not favor at all either Argentine interests or Argentina's reality as a fairly developed country with a Western cultural tradition."

Di Tella explains that he is not racist or stupid, and that as a Justicialist he could not be racist or stupid. However, he has at least two problems: He supports a strategy that explosively combines a sort of irritating international naivete ("we want to be friends of the rich and powerful") with an adolescent and trivial attitude that bewilders and puzzles, and is completely at odds with an appropriate management of the traditional (and effective) diplomatic standards.

Menem and His Foreign Policy

Throughout their years in power, the president and his foreign minister, Di Tella, have confirmed that their beliefs in international affairs, at least those that have been leaked, represent a curious and frequently infuriating visceral alignment that has not yielded anything positive for our national interests. Concerning international affairs, the government of President Menem mixes up its goals with realities. In addition, it actually believes that subjective attitudes in foreign policy affairs may change the international system, which can only be challenged through formats and goals, as this would be the only way of changing it.

Cheek's deliberately unrestrained and provocative treatment (inconceivable in the relations between the United States and a country similar to Argentina, such as Turkey or Egypt, for example) represents the best evidence of an exotic, unrestrained, and univocal foreign policy, which conveys a message of spongy allegiance to the system's leader that is not necessarily rewarded.

The substantive paradox is that the Anglophile Di Tella operates on the international arena as a mercurial protagonist from a banana republic, and not as the wise and trustworthy government official who has been the archetype of the Anglo-Saxon model. The London episode confirms that Di Tella has two alternatives: to remain seduced by his peculiar predisposition toward provocative and bewildering utterances, or to finally

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adopt the serious, careful, and calm profile that is appropriate for a foreign minister.

Entrepreneurs React to Economic Situation

PY2606202095 Buenos Aires CLARIN in Spanish 23 Jun 95 p 12

[Report by Marcelo Bonelli]

[FBIS Translated Text] Industrialists have a pressing priority. They are unwilling to surrender an inch of the market to what they call "an expansionist Brazil." They say they will not allow the government to make any concessions under the promise of secure and balanced integration in the future.

The industrialists communicated this decision to the incoming coordinating minister. Presidential General Secretary Eduardo Bauza received the leaders of the Argentine Industrial Union [UIA], headed by Jorge Blanco Villegas, for an informal and confidential meeting.

Bauza met with Diego Videla, Claudio Sebastiani, and Murat Eurnekian at Government House just as Economy Minister Domingo Cavallo was opening a meeting at the crowded Production Council. The most influential factory leaders chose to meet with Bauza.

The entrepreneurs agreed on one key issue: Negotiations must be firm because any turbulence at the Mercosur [Common Market of the South] level could eliminate one of the few factors that currently alleviates the country's depression: our exports.

The main manufacturing leaders said the idea of a drop in exports worries them a lot. It would be like adding another hurdle to the problems created by distortions in the financial system, fiscal imbalances, and the productive weaknesses of the Argentine economy.

Videla probably reflected the opinion of entrepreneurs. The UIA secretary added: "There is nothing to negotiate. Argentina signed two treaties. Brazil must respect them."

The stern warning follows UIA fears about the position of the Foreign Ministry and persistent doubts at the Economy Ministry. The criticism is being leveled at the moderates within the two ministries who headed the negotiation in Brazil.

The criticism is also based on other information they say they have. While in Brazil, Guido Di Tella and Domingo Cavallo were tempted by a proposal from Brazilian Industry Minister Dorothea Werneck to include restrictions on imports of electronic equipment and household appliances in the agenda. Timely presidential intervention stopped the move.

"We have already agreed to discuss a motor vehicle quota. I have already come to Sao Paulo. The answer is no," Carlos Menem snapped at his ministers.

The information circulated among entrepreneurs attending the urgent UIA executive board plenary meeting. The story was told by someone who was with Menem at the time.

The information that the Foreign Ministry and the Economy Ministry blamed each other for the foul-up in Brazil also reached the meeting. This is why Di Tella and Cavallo appeared together at an impromptu news conference. They wanted to present a united front.

The important point of the businessmen meeting were the positions adopted by the most important leaders of the UIA.

— There is a minority group that accepts the situation as a natural consequence of trade with Brazil. Its members belong to industries that provide raw materials and food. They support this theory for one very simple reason: They export 60 percent of what Brazil purchases within the framework of the role that Brazil wants for Argentina.

— Another group supports a policy of reprisals if the Brazilian Government insists on imposing quotas on car imports. They want the government to increase tariffs on bilateral trade that favors Brazil.

This group comprises textile, petrochemical, paper, steel, car, and electronic industry representatives. This move is supported by representatives of small and medium size industries, which are being hit by the market opening. They are being hurt by 90 percent of the manufactured goods sent by Fernando Henrique Cardoso's people.

Some industrialists say Argentina must take advantage of the position of Brazil and propose a total and global review of Mercosur to change the rules of the game to the needs of our local industry.

They know that Planning Minister Jose Serra only wants a Mercosur where Argentina is a provider of primary products. Serra has always opposed a balanced common market because he thinks Brazil can open its commercial spaces without relying on the vacillations of Argentina. He was behind yesterday's strong foreign exchange adjustment.

All this items were also discussed during the meeting organized by the Economy Ministry between Cavallo and the Production Council. Officials called this improvised meeting when they learned that Bauza would receive the UIA leaders. The most important industrial leaders

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were annoyed by some of Cavallo's recent public rebuffs and preferred to see Bauza at Government House.

The Economy Ministry-organized gathering came less than 24 hours before a very important meeting of the most important and traditional entrepreneurial entities, the Group of Eight. A week ago the business establishment supported Cavallo in an internal fight involving the government and the minister.

This time business leaders chose a different path. Businessmen are concerned about the depth of the economic recession. They are the presidents of the Rural Society, the Construction Chamber, the Chamber of Commerce, the Banks Association, the Stock Market, the Construction Union, and the UIA.

In other words, bankers, rural producers, shop owners, and industrialist fully support Cavallo's continuation at the Ministry, but they are alarmed because the Economy Ministry does not address some pending tasks that are needed to develop the model.

"There are many conflicting issues and we do not know how the administration will face them," Construction Chamber head Munnir Madcur said. Blanco Villegas and Enrique Crotto (of the Rural Society) made the strongest comments.

Entrepreneurs want to send a message to the Menem administration political wing because they think most of the inactivity by the ministry is due to internal government squabbling.

Entrepreneurs will put this message in a document they will hand down to Carlos Menem next week. They think the overwhelming victory Menem obtained in the election must be put to work to face the main economic problems.

They do this because they trust Cavallo. They stress that the minister has several important cards that he will play.

This move includes the IMF. Those who know are betting there is a secret agreement with Washington by which technocrats will look the other way when auditing deviations from the convertibility plan.

Brazil

Cardoso, Italian President View Accords, Achievements

PY2706022795 Madrid EFE in Spanish 2152 GMT 26 Jun 95

[FBIS Translated Excerpt] Brasilia, 26 Jun (EFE) — The presidents of Brazil, Fernando Henrique Cardoso, and Italy, Oscar Luigi Scalfaro, today reviewed in Brasilia the achievements of the bilateral cooperation agreements signed in 1989, when the then presidents of the two countries intensified exchange and cooperation programs.

Planalto Palace sources said that the two heads of state positively evaluated the strengthened trade relations between the two countries. [passage omitted]

Cardoso and Scalfaro noted the progress achieved in the integration processes of Latin America and the European Union (EU) and they stressed that integration is the objective of the Common Market of the South, Mercosur.

Following the presidents' meeting, a Planalto Palace spokesman reported that political and economic closeness between the Mercosur and the EU is a very important matter for Brazil and Italy.

Cardoso also officially brought forward his proposal of introducing reforms into the international financial systems to exert greater control over the flow of capital and to avoid sudden imbalances in the economies of Latin American countries.

Scalfaro, who began an official six-day visit to Brazil on 24 June, did not want to make any statements about the subjects discussed during his meeting with Cardoso. Official spokesmen from the two governments, however, reported that they demonstrated predisposition to work together to strengthen bilateral relations and cooperation. [passage omitted]

Cardoso, Italian President Sign Social Security Agreement

PY2706015795 Sao Paulo AGENCIA ESTADO in Portuguese 2346 GMT 26 Jun 95

[FBIS Translated Text] Brasilia, 26 Jun (AE) — Brazilian President Fernando Henrique Cardoso and Italian President Oscar Luigi Scalfaro today signed agreements in the field of tourism and social security. An agreement establishes that Brazilian citizens working in Italy will be able to count their time toward their retirement in Brazil and vice-versa as long as they continue contributing to the social security system in the country where they are living. Scalfaro is paying an official visit to Brazil and he attended a dinner in Itamaraty hosted by the Brazilian president.

The Italian president will visit congress tomorrow and attend a special session of the Senate. Scalfaro will then have lunch with Brasilia Governor Cristovam Buarque (Workers Party), and at 1700 he will attend a special session of the Federal Supreme Court. In the evening, he will host a dinner at the Italian Embassy.

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Itamaraty Releases Note on Peruvian-Ecuadoran Talks

PY2606231595 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 26 Jun 95

[FBIS Translated Text] Peru and Ecuador have promised in Brasilia to work for peace. For five days, representatives of Argentina, Brazil, the United States, and Chile — the guarantors of the Rio de Janeiro Peace Protocol of 1942 — together with Peru and Ecuador, discussed a new structure and new instructions for the mission of military observers.

The discussion covered the zone to be demilitarized, the exchange of prisoners, the deactivation of mines, the normalization of movement in border areas, and the restoration of direct dialogue between Peru and Ecuador.

The meeting, which took place at Itamaraty, was attended by Division General (Francisco Stuart Campbell Pamplona,) the general coordinator of the military observers mission.

Since the start of the conflict between Peru and Ecuador, this is the first time their military men and diplomats have engaged in direct conversations.

Peruvian Deputy Foreign Minister Eduardo Ponce and Ecuadoran Deputy Foreign Minister Marcelo Fernandez Cordova will today return to their countries for urgent consultations with their respective governments about the proposals that were discussed in Brasilia.

A note released by Itamaraty expresses confidence that lasting peace will be achieved by Peru and Ecuador.

Minister on UN Security Council Reform

PY2706004595 Sao Paulo FOLHA DE SAO PAULO in Portuguese 25 Jun 95 Section 1 p 3

[From the "Trends and Debates" editorial colum by Foreign Minister Luiz Felipe Lampreia: "A Decalogue for Reflection"]

[FBIS Translated Text] In his speech marking the 150th anniversary of the Rio Branco Baron, President Fernando Henrique Cardoso explained to the public the ongoing discussion within the United Nations, which might result in a reform — beyond the mere increasing of the number of non-permanent members — of the Security Council.

On examining the need to increase Brazilian participation in the making of international decisions, the president said that "the Security Council (...) should reflect the features of the post-Cold War world." "Brazil," he went on, "is ready to assume more responsibilities in Security Council actions, if it occupies a standing seat in the expanded structure of the organ."

As we approach the moment when a decisive step might be taken for reforming the Council — the special UN General Assembly session that will commemorate the 50th anniversary of the United Nations, in October — it is appropriate to elaborate on some major topics regarding the government's position, as a contribution toward broadening the internal debate in Brazil, which is essential for Itamaraty's action.

1. The Security Council reform is an imperative of the functioning of the Council, whose action — even though universally recognized as indispensable in situations of conflict or post-conflict periods — has been hindered by politicial (legitimacy, representativity) and material difficulties.

2. The need for a reform stems from the changes in the post-Cold War world. The end of the bipolar world — and of the constraints that this situation imposed on international organs — has paved the way for a new United Nations profile in the promotion and maintenance of international peace and security, a profile that is closer to the one outlined 50 years ago.

3. The emergence of new economic powers and developing countries — with their own dynamics, projection, and profile of international actions and regional representativity — has significantly changed the scope of the initial "five great," a nucleus of power that the United Nations creators realistically identified. The new actors reflect a world in which other forms of power are playing an increasingly important role, along with strategic power, which predominates in a stage of confrontation.

4. Reform does not mean pure, simple, and indiscriminate — nor a limited —expansion. From the various formulas analyzed by the working group looking into the issue within the United Nations, the one that is closest to the reform idea is the one advocating the qualitative development of the number of standing Council members, along with an increase in the number of non-permanent members.

5. The Security Council should be carefully expanded, that is, it should more equitably and appropriately represent both the developed and the developing world; in both cases, the objective is to broaden the representation of countries that have the capacity to take world-level action and to have effective world-level presence.

6. The reform of the Security Council stems from the need for legitimacy, as a function of the transformations that have occurred in the world; this legitimacy will strengthen the organ's political and ethical authority, helping to increase its efficiency. Legitimacy — a matter of principle — and representativity — a practical problem — are two sides of the same coin.

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7. Legitimacy entails equilibrium. Now, it is undeniable that the countries having world-level influence and the capacity to undertake world-level action have regional representativity and should obviously try to act accordingly. Such representativity is based on international recognition, rather than on a regional consensus that is not always easy to reach.

8. The final decision on the expansion of the Security Council — as is wisely provided for by the San Francisco charter — will depend on approval by two-thirds of the General Assembly, in which all UN members are represented.

9. One of the practical consequences of the reform will be a broader availability of human and material resources, because it will bring into the Security Council's decisionmaking sphere countries with economic vitality, world-level influence, and diversified international experience.

10. Rather than the individual prestige of possible candidates or its leaders, what is at stake in the Security Council reform is the Council's own prestige, especially regarding the promotion of international peace and security. To this end, the regions and groups of countries that are currently under-represented in the Council need to let their voice be heard through standing representatives.

This "decalogue" shows that Brazil can obviously have the aspiration for a standing seat within the Council. This aspiration stems from an objective perception of a reform that can give more legitimacy, representativity, and efficiency to the Security Council. Instead of simply engaging in a campaign for this objective, we have shown that we are available to help the Security Council obtain that new profile.

It would not be inappropriate to list some of our assets: We are a country of worldwide presence and action, and we are clearly interested in international peace and security (an attitude that, consequently, goes beyond regional interest). We have mature partnerships all over the world, and a balanced political and economic presence.

Our diplomacy has been recognized as being active, balanced, and able to promote consensus and operate as a bridge between divergent positions (examples are the Rio-92 meeting and the Vienna Human Rights Conference). Our history shows our commitment to peace and determined action in favor of nonproliferation of weapons of mass destruction. We have tried to strengthen our international credibility in all fields, assuming clear commitments and engaging — within the scope of our possibilities — in UN missions and with UN forces in and outside our region.

Brazilian society and the Latin American nations in general will have much to gain from a Security Council reform like the one advocated by Brazil. Our aspiration to become a standing Council member is legitimate, without any shade of chauvinistic prestige. It entails responsibilities. It is a national commitment. Therefore, it would be useful to debate the subject in a frank, impartial manner. The commemoration of the UN's 50th anniversary affords a unique chance for such a debate.

Senate President Sarney Strongly Opposes Government

PY2606220695 Rio de Janeiro O GLOBO in Portuguese 23 Jun 95 p 3

[Article by Jorge Bastos Moreno]

[FBIS Translated Text] Brasilia — In his strongest criticism so far of the government, PMDB [Brazilian Democratic Movement Party] Senator for Amapa Jose Sarney, the Senate president, on 22 June complained about high interest rates. He warned that the current monetary policy has caused recession, hindered social development, and served only to further promote the stagnation of the economy. He deplored the fact that the government's only instrument for maintaining economic stability is a monetary policy backed by artificial indexes.

"We have already suffered enough to learn that artificial formulas do not resolve concrete situations like poverty, which begins with unemployment. Any recessive policy is inconsistent with the fight against poverty," said Sarney, who lived the rise and fall of the Cruzado plan.

The Senate president also criticized the interest rate regulatory bill under study in the Chamber of Deputies. In his opinion, the bill "goes beyond naiveness, becoming a demagogic message on the border of ridicule."

Sarney added: "At a meeting of former presidents that I attended in Tokyo, I had to silently and with a forced smile listen to Pierre Trudeau's revelation that the Brazilian Constitution sets interest rates at 12 percent a year. This is an international joke, because interest rates are not regulated by the Constitution, because they depend on a market economy, and money is the sensitive merchandise of the economy."

The senator concentrated his criticism on the government's economic policy, saying that beside causing recession, it promotes an objective that opposes that advocated by President Fernando Henrique Cardoso; the reactivation of economic growth.

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He said: "If we believe the market economy in the only way to build a just society, we should take into account that society cannot do without economic growth, if nothing else because social development is intimately linked with economic development. If there is no economic development, there can be no social development while there is recession, unemployment, and poverty."

In a cutting remark, Sarney said the government's monetary policy is the main factor for the recession, which — as he put it — threatens the country.

"It is discouraging to see that interest rates are set by the Central Bank at exorbitant levels, out of keeping with market laws, only to serve the objectives of a monetary policy," he claimed.

Relations between Jose Sarney and Fernando Henrique Cardoso have begun to soar over the Eletronorte [Northern Brazilian Electric Power Plants, Inc.] directorate. The allies of Sarney in the northern region wanted to designate the president of this state-run company. Planalto Palace, however, has ignored this request, in a gesture that has been interpreted as an impairment of the Senate president's image in the eyes of the Cardoso government.

Ready to show his power, Sarney decided to fuel discussion about the possible lifting of the congressional recess, opposing the summoning of special sessions for voting on the reforms, which was the government objective. Sarney said he would not take the initiative to call for the special sessions, claiming to see no reason for lifting the recess. Without support, Cardoso gave up his objective.

Cuban Business Delegation Seeks Deals in Minas Gerais

PY2606213795 Sao Paulo GAZETA MERCANTIL in Portuguese 22 Jun 95 p A3

[Article by Andre Lacerda]

[FBIS Translated Text] Belo Horizonte — Five Cuban Government representatives were here yesterday seeking investment opportunities for Cuba. At least two business deals were closed during talks between the Cuban delegation and 42 Minas Gerais businessmen. The Cepa Biotecnologia Company from Minas Gerais closed a deal with the Cuban Government to exchange clinical pathological examination and laboratory analysis technology. The Biokits Company closed a deal to export anti-tuberculosis test kits which hasten the results of this kind of examinations.

Of the 42 negotiating groups, 38 reached business prospects, 17 of which imply immediate action. The Cuban delegation paid special attention to the medical and medicine sectors. The Cubans have already negotiated the sale of medical equipments to a municipality in Minas Gerais.

The Cuban mission closed at least one good deal during its visit to Brazil: The Souza Cruz cigarette company signed a deal to produce "blended" and black tobacco cigarettes in Cuba. The Andrade Gutierrez Holding Company is already prospecting oil in Cuba while the Acesita mining company is laminating steel produced in Cuba.

The Cubans, however, resent small Brazilian participation in the tourism industry in their island. They expect to receive 2.5 million tourists per year by the year 2000. The tourism sector was the first to seek associations with foreign capital.

Trade exchange between Brazil and Cuba represent 5 percent of the total Cuban trade. The Cuban Government has an accumulated debt of $30 million with Brazilian banks which is being paid off in exports to Brazilian companies.

The Cuban mission that yesterday visited Belo Horizonte is also interested in technical cooperation to train businessmen. Minas Gerais is home of one of the most important business training centers in Brazil: The Dom Cabral Foundation.

Company To Produce New Military Training Plane

PY2606213295 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jun 95 p B11

[Article by Julio Ottoboni]

[FBIS Translated Text] Sao Jose dos Campos — The decision on the part of the U.S. Air Force and Navy to choose the Swiss-made Pilatus plane instead of the Tucano for pilot training has not shaken the Embraer [Brazilian Aeronautics Company] directorate. The enterprise this year will develop a new model of a military training plane — for the Brazilian Air Force — based on the Super Tucano.

The ALX will be a fighter and border patrol plane. The plane will be submitted to the international market based on its use by the Brazilian Air Force. "The use of the plane in Brazil will open new markets, because other countries want to see it operating," said Embraer director Jurez de Siqueira Wanderley.

The transaction with the Americans was far from being financial salvation for Embraer. The $7 billion tender would have yielded Embraer a little more than $1 billion over the next 20 years. If the Super Tucano had won the tender, most profits would have gone to the U.S.

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company Northrop, which was responsible for the final assembly of the plane.

Wanderley said the defeat will have little impact on sales over the next few years, because Embraer was waiting for the signing of the contract to make the necessary investments for starting production. "It will not affect the enterprise. It is a product that gives little profits," he said. "But we will never know the reason why we lost."

"The Super Tucano project will continue as a production item. The Embraer directorate believes that despite the selection of the Pilatus, the use of turbo propeller planes for military training has been reinforced. Wanderley believes that the competition was very well handled and that Embraer passed all the tests over the past two years. Our price, which was competitive, was reduced as much as possible."

Chile

Government Seeks Overall Agreement With EU

PY2706023495 Santiago EL MERCURIO in Spanish 14 Jun 95 pp B1, B6

[FBIS Translated Text] Foreign Ministry Under Secretary Mariano Fernandez said yesterday that, while reaching a commercial agreement with the EU is important for the government, it is also seeking some mechanism to achieve a greater political consensus.

He added that the Chilean position is to seek, as earnestly as possible, a bilateral agreement with the EU before the one with the Common Market of the South (Mercosur) even though both processes may, in the end, converge.

He said the EU will probably adopt a decision at the meeting of the Council of Foreign Ministers on 17 July, under the presidency of Spain, on its proposal to Chile for the path it should choose.

Fernandez expressed his government's satisfaction over the agreement yesterday in Luxembourg to establish, as soon as possible, the strengthening of ties with Chile.

Fernandez said this ratification to seek the best alternative to increase ties with our country is proof that the block appreciates the Chilean situation, both its political and economic development.

Asked about the best option the Chilean Government will choose from among the four the EU is preparing, Fernandez said Chile has always told the EU that it is cooperating adequately and that an agreement on this, which was signed in December 1990 and which he had the opportunity to negotiate when he was the diplomatic representative before the EU, still has many projections ahead.

He said: "The EU calls this task the best of all. Internal EU reports state that the framework cooperation agreement has been implemented at an optimum level by Chile. Thus, in the area of cooperation we believe we are doing well and that there is still much room for development."

Fernandez commented that the meeting of the council in Essen in December 1994, when Germany held the presidency, issued a historic statement on the bases for a new relationship with Latin America. Chile was distinguished in this report, pointing out that it is a country with which the EU wants a more relevant economic-commercial relationship.

He added that Chile's interest then "was an agreement that might include what they used to call an economic partnership or an agreement in which trade and economy are intensified and in which political and cultural aspects are included."

Concerning the EU's decision to intensify ties with Chile through Mercosur, Fernandez said it refers to a dynamic process that must take place in which an inter-regional market is being considered with a view to consolidate it by 2001. He said: "That is a very open issue. We would rather say: 'Concretely speaking, this is...'"

He added that Chile has its own negotiating process with Mercosur and these negotiations may be handled in parallel, and in the end they may agree.

He said: "Today, the situation is mostly bilateral. We are not members of Mercosur, a fact that cannot be overlooked by anyone. We believe emphasis must be placed on a broad economic, commercial, political, and cultural relationship."

Roberto Guijon, chairman of the Chilean-German Chamber of Commerce, and its manager Jose Rehnelt, stated that Germany is one EU member, together with France and Spain, that has promoted greater rapprochement between that block and Latin America.

Rehnelt said this position agrees with the German economic policy of open markets and free trade. He added that the German Government has several times defended the access of Latin American products to the community's market, like the case of Chilean apples.

He added that the Chilean-German Chamber of Commerce is promoting a direct association between our country and the EU because Chile within Latin America displays a greater opening of its foreign trade. He

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said: "The existence in Chile of a market economy is not a matter of five years or less, but of 20, and it is much more developed than the region, and even more so than Mercosur."

He reported that the chamber is engaged in several "lobbying" actions at the level of German unions to make Chile and its economic achievements known, and to ensure that the EU negotiates a direct rapprochement of ties with the country.

The executive branch does not find very valid the EU idea to negotiate with Chile through Mercosur. He said: "That subregional pact has yet to be consolidated, because they are still adopting unilateral measures to increase tariffs, especially in Argentina and Brazil, and we must await an outcome within that organization."

Rehnelt predicts a considerable bilateral trade increase this year, led by a greater increase in national exports. This positive step is in keeping with higher prices for the main products sold by our country and with the reactivation of German demand.

Chilean shipments to that European nation last year totaled $582 million, 19.6 percent up on 1994 [sentence as published].

Chinese Official Praises Economic Achievements

PY2606211595 Madrid EFE in Spanish 2312 GMT 25 Jun 95

[FBIS Translated Text] Santiago, 25 Jun (EFE) — Arriving on official visit to Santiago today, 25 June, Li Ruihuan, the chairman of the Chinese Political Consultative Conference of the Chinese People, praised the Chilean economy and the social achievements.

Ruihuan said Chile "exerts more influence every day and plays an increasingly important role in international and regional matters."

Rihuan arrived in Santiago heading a delegation of 100 people. During his stay he will meet with Chilean President Eduardo Frei and high-ranking government officials.

In brief remarks at the Santiago international airport, the Chinese official said Chile was the first South American country to establish relations with the PRC.

He said that during the following 25 years, "efforts by both parties have continuously strengthened the bilateral friendship."

He said this relationship has facilitated "a fruitful cooperation in the political, economic, commercial, cultural, scientific, and technological fields," adding that China attaches great importance to developing relations of friendship and cooperation with Chile.

He said the main objectives of his visit are to strengthen top level contacts with the two countries, to strengthen reciprocal understanding, and to expand trade and cooperation.

Ruihuan's first official act will be to meet tomorrow, 26 June, with President Eduardo Frei.

He will also meet with Senate President Gabriel Valdes; with Chamber of Deputies President Jaime Estevez, and will lecture at the UN Economic Commission for Latin America (ECLA) on "Development: The Main Issue for China Today."

During his stay in Santiago he will also meet with the resident Chinese community and with the local press. On Wednesday [28 June] he will visit Easter Island for a few hours as a tourist before continuing his journey home.

Commentary Criticizes Double Standard of 'Men of Law'

PY2206035695 Santiago EL MERCURIO in Spanish 21 Jun 95 p A3

[Commentary by Hermogenes Perez de Arce: "Men of Law"]

[FBIS Translated Text] Had Chileans not had such a bad memory, and, in particular, had they not been the object of such systematic brainwashing, they might have been able to enjoy the performance that some "men of law" have been giving in the past few days.

They appear in newspaper headlines and on television screens saying that they uphold the rule of law [estado derecho]. These people are the same ones who, while serving as officials of the Marxist government more than two decades ago, took over a court building because a judge refused to abide by government rulings. Among them also are socialist leaders whose party called people to arms to violently overthrow the institutions in force at the time.

Rule of Law? Let us review the situation: Two people have been sentenced by a court established in 1991, that is, five years after the perpetration of the events it has been entrusted to review. Such a procedure violates a basic legal principle in our Constitution stating that the accused must be tried by a court established prior to the perpetration of the crime in question.

Moreover, this particular rule of law deprives the accused of the ability to exercise their right to appeal, which is clearly established in Law No. 19,374, published 11 days prior to the issuance of the condemnatory ruling. Furthermore, it also violates the traditional legal principle stating that when in doubt, always rule

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in benefit of the accused [legal phrase or principle in Latin — in dubio, pro reo]. This axiom, which is also in the Constitution, states that new laws have prevalence in every penal case whenever it is to the benefit of the accused. In this particular case, however, it was the old law that prevailed despite the fact that it did not benefit the accused.

The alleged "men of law" are not very consistent, either. We are now witnessing how they defend the majesty of judicial rulings. A few years ago, however, they justified the disobedience of a court ruling ordering the placing of medical records of some wounded terrorists at the disposal of the court that was investigating the assassination of a young Carabinero. This action of contempt of court was consummated but it was never punished, to the delight of our "men of law."

All this, however, lacks any real relevance because once in power, these men of law did whatever was necessary to release those responsible for this and other similar killings through the approval of generous laws and massive pardons.

These same "men of law" are now alleging that to say that a Supreme Court ruling is unjust is synonymous with violating the laws, and the independence and the majesty of the judiciary. They have even threatened to bring to trial on charges of violating the Constitution an Armed Forces commander who used this term. A few years ago, however, they themselves described as unjust, and even "abominable," a ruling issued by the same court that was not to their political liking. Not happy with that, they went so far as to impeach two Supreme Court members, and they were able to oust one of them.

This notwithstanding, they have been able to impose a theory in court which, until recently, would have made any student fail his penal law examination; namely, that amnesty does not abrogate a crime but rather frees the beneficiary from serving a sentence, like a pardon.

What a change of attitude!

Their most notable achievement, however, has been to have urged the military to eliminate "by the sword" the leftist subversive threat, and, after achieving this, to have condemned and prosecuted the military while at the same time issuing a general pardon in favor of subversives. They did all this while still contending, with great dignity, that they are the sole and great defenders of the rule of law.

Daily Views Amendment of Penal Code

PY2106202095 Santiago EL MERCURIO in Spanish 10 Jun 95 pp A1, A23

[FBIS Translated Text] The government has sent the new Penal Procedural Code draft bill to Congress. It establishes changes in the procedures for criminal cases and significant amendments to make the administration of justice more expeditious and efficient.

The main points of this reform are that it separates the functions of investigation and judgment, which are currently carried out by the same person (the judge). Under this reform the Attorney General's office will now handle the investigations and a collegiate court (with three members) will handle the judgment.

The second key amendment is the incorporation of an oral and a public trial during which both prosecution and defense will state their cases. This will be the main phase of the case.

The team of experts, representing the private sector, the government, universities, and the judicial branch, have termed this draft bill "unique."

The new Penal Procedural Code seeks to improve a deteriorated criminal court, taking into account that currently 62 percent of cases are temporarily acquitted due to the meager results of the investigations.

By implementing an oral trial only 10 percent of the crimes reported (between 30,000 and 40,000 per year) will reach a public hearing. Solutions other than a court ruling will be sought for the remaining cases.

According to the draft bill submitted to Congress, the pre-trial inquest or investigation will come prior to the trial but will have no value as evidence. These investigations will be conducted by prosecutors of the Attorney General's office.

During the pre-trial inquest, the culprit's rights will be safeguarded by what is known as the "judge in charge of supervising the pre-trial inquest."

An impartial collegiate court, formed by three judges, will be in charge of the oral trial.

President Eduardo Frei said in his message after signing this new draft bill, that the initiative reflects a generalized consensus, and thus involves all sectors.

The private sector, through the University Promotion Corporation and the Citizenry Peace Foundation, had a significant participation in drafting this bill. The team of experts in charge of drafting this document also included Justice Ministry representatives.

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University Procedural Law departments, judges, and attorneys, also participated through the Penal Reform Forum.

The reform began after all the involved sectors determined that the current system violates individual rights based on the constitutional principle of a due process; that it is inefficient in clarifying and sanctioning more serious crimes, and discriminates against victims.

Frei said the judges and attorneys, the victims, and those who commit crimes suffer from deficiencies in the current penal system. He said: "The constitutional system itself and our institutions as a whole thus run the risk of losing prestige."

Frei said this reform is historic because it is 100 years since the last time the code was modified.

Victims of crime will benefit in various ways from these reforms. First, the victim will be included in the case even if he is not the plaintiff.

Moreover, the victim will have the right to be informed of the results of the legal proceedings, request protection in view of possible attacks, appeal a dismissal or an acquittal, and obtain compensation for damages caused.

It will be the Public Attorney's office duty to aid the victim and appoint a defense when the victim does not have a private attorney.

The figure of the private plaintiff is maintained and the victim may formally intervene in the case by filing the corresponding suit.

The first group of amendments to be submitted to Congress is divided into four draft bills: 1) A new Penal Procedural Code; 2) A draft bill referring to the Public Attorney's office; 3) A Public Defense draft bill to be submitted as an advance draft bill creating Legal Advice Regional Corporations; and 4) A draft reform of the Court Organic Code, which will be submitted after the other initiatives have been approved.

In his speech, President Frei asserted that in drafting this reform — which he labelled transcendental — special care has been taken to include organization criteria that increase the efficiency and capacity of the judicial services offered to the people.

The reform of the Court Organic Code, which will come after the Penal Code reform, will handle these aspects.

The chief of state admitted that these reforms will entail increased public expenditures in the judicial field. The present five year program allocates about 0.14 percent of the GDP for the administration of justice.

Approximately half of this money goes to the criminal courts, but this is below international levels.

Frei said the investment these reforms demand is perfectly sustainable in the short term in view of the growth experienced by the Chilean economy, adding that it represents an investment in safety and rights.

He added that these changes will also improve the prestige of judges. He thus assured them that the changes will not affect their prestige nor their current working conditions. Quite the contrary, he said, those who work in the courts or who join them in the future will see how the prestige of their job and the organization under which the work improves.

Studies regarding indirect, non-budgeted costs, and costs that are inherent to the current system and the social benefits of the new system will be ready in July.

At the end of the year, according to an agreement with the Citizenry Peace Foundation, the new criminal court system will be tested. The test will be coordinated by Argentine expert Gustavo Cosacov.

The dissemination of the new Penal Procedural Code will be stepped up during the next few months.

The justice minister said the Constitution, Legislation, and Justice Commission of the Chamber of Deputies is willing to keep one day per week to exclusively discuss the new code draft bill in order to assess the project in a comprehensive manner.

She added that there is a preliminary agreement with the members of the mentioned legislative commission to define some general principles of the draft so that it may be discussed expeditiously.

The minister believes that, since this is the first code to be discussed by this Congress, "it will be treated differently from the other legal proposals."

Daily Calls For Modernization of Judicial System

PY2006022095 Santiago LA SEGUNDA in Spanish 14 Jun 95 p 12

[Editorial: "Respect for the State of Law"]

[FBIS Translated Text] It would be hard to imagine that anyone could disagree with what the president of the nation said on 13 June. The president said: "Fulfillment of the judicial rulings is a substantial part of our constitutional and legal order." In view of this, His Excellency, who was clearly referring to the incidents involving compliance with the Supreme Court ruling in the Letelier case, emphasized that no one can prevent the fulfillment of this sentence.

In any case, the preservation of the state of law, which calls for defending and improving each one of its institutions, should not become an issue just because of

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the existence of a much-ballyhooed court case. One can say there is a state of law only when the latter can truly operate as such. An analysis of the Letelier case casts some doubts on whether that is indeed the case. It is possible that the people, due to their declining juridical awareness — caused by Chile's markedly declining level of legal education — have not been surprised by the excessive legal amendments that were necessary to set up a court to deal with the Letelier case. Neither were the people surprised by the reform which, due to its legislative shortcomings, forced the Supreme Court to amend it through a ruling, a step of doubtful validity that prompted the latest appeal by General Contreras' lawyers. A close review of the sluggishness in the enforcement of the sentence, which has kept the people on tenterhooks and undoubtedly allowed the convict to take a number of actions, clearly proves that our legal system is weak and full of hurdles.

The citizenry took very long to grasp the full meaning of having an inadequate and outdated judicial system. Lawyers, judges, and politicians were very hard to convince that it must be replaced. The current administration should be praised for this effort, as epitomized by the president of the nation's preamble to the bill that he submitted to the Chamber of Deputies asking for the amendment of Criminal Court Procedures. Many other steps will have to be taken for Chile to have a legal system that will truly protect the people. The current system does not do this, either in criminal or civil cases. Chile's court procedures — the key means for having a court issue a sentence — are ancient. Unlike what some have said, Chilean court procedures do not date back to the birth of the republic, or even the colony. In fact, they are older still: Our court procedures date back to the 13th and 14th centuries. It is easy to understand, therefore, that they have a lot of momentum which makes any attempt at amending them extremely difficult.

Thus, the recent events surrounding the enforcement of the sentence for the murder of former Foreign Minister Orlando Letelier could have unexpected and positive repercussions: They may convince the politicians that in order to defend the state of law, one must have a modern legal system.

Schaulsohn on Party Support for Government

95SM0376A Santiago LA NACION in Spanish
19 May 95 p 10

[Interview with Jorge Schaulsohn, president of the Party for Democracy, PPD, by Juan Andres Guzman; place and date not given]

[FBIS Translated Text] He says he has not changed, but the press files contradict him. Jorge Schaulsohn as president of the Chamber forcefully criticized the government's constitutional reforms and gave highly critical statements to the press on the coordination of the executive, the PS [Socialist Party], and DC [Christian Democracy].

Today he speaks in a more conciliatory, more self-critical tone. He cites desperate government attempts to increase participation in the Coalition and the lack of cohesiveness in that conglomerate.

[Guzman] Is not that lack of cohesiveness due to the fact that the transition united while modernization separates?

[Schaulsohn] No. It is because the economic agenda is more complex than the political agenda. And it is in the first arena that the Coalition must operate: this government will be judged by its economic successes, not its political achievements.

[Guzman] With no agreement, how can economic reforms be carried out? By presidential decision?

[Schaulsohn] That is the only way. Unanimity is not indispensable for the government to act; if the government waits for that, it becomes paralyzed. However, that is a halfway solution because it costs more when plans are defeated in Congress. On the municipal issue, for example, the government is paying because people expect it to be capable of consensus. A good government is not just one that introduces 40 bills, but one that can get them passed. Aylwin wanted labor reform, municipal reform, and tax reform, and he got them through.

This government cannot afford to have all its reforms rejected. For example, when the government cannot persuade the DC, the president pays the cost, and the DC, as the majority party, bears the greatest responsibility to support him. Not having that support erodes his authority and prestige. Especially because we are in a time when the noise of politics may drown out economic successes.

[Guzman] So there is some truth in Allamand's criticisms.

[Schaulsohn] They are exaggerated and he has little authority to make them. But we acknowledge that the ball is in our court. If we agreed on the municipal issue, he would have no room to talk.

[Guzman] Have you joined those who blame Arriagada for the lack of agreements between the government and the parties?

[Schaulsohn] No. The problems are more than anything the fault of the parties that blame the government in order to conceal their own incompetence. I attribute that to a loss of internal influence. Many parties are split

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into factions that pursue their own course, and some appear to be ungovernable. DC in particular is a party in which some very important people wield enormous influence: they are like presidents of sectors of the party. That has hurt the cohesiveness of the parties among themselves. This is serious when it impedes initiatives like the dialogue proposal. Here the government was a victim of pettiness and political jealousies inside the Coalition.

[Guzman] But there is talk of a government tendency to do without the parties?

[Schaulsohn] Quite the contrary. The government is trying desperately to involve and obtain the support of the parties. In fact, we party presidents have been ministers without portfolio in recent months.

[Guzman] May it not be simply that the Coalition is not now viable as a government conglomerate?

[Schaulsohn] No. As a center left alliance, it is the only way governability can be provided for the nation. We are the majority.

[Guzman] You are the majority, but do you want the same type of government that Aylwin had?

[Schaulsohn] Essentially, yes. There are disagreements on certain specific issues which are new and have not been properly worked through. If the parties are unable to close ranks on the important issues, then the Coalition's viability can be challenged. We may disagree, but there are issues on which it is a pathetic spectacle to do so. Disagreement on municipal reform, for example, is simply irrational. DC goes to La Moneda [the presidency] to give its support and on the next day retracts it....

This reflects an inability to support the government. I do not mean unrestricted support. I am speaking of understanding that it is best always to be in agreement with the government. That concept has been devalued.

[Guzman] Did you have a greater commitment to Aylwin's government than to the Frei government?

[Schaulsohn] We are more committed to this government than to the Aylwin government, because we are participating more actively.

[Guzman] Still, it has been said that the PPD is more interested in issues of modernity than in transition issues.

[Schaulsohn] It is not that, but because we are now considered a party. Before we were not, among other reasons, because we had a dual membership. In this period we have emerged as a focused political group with aspirations to lead the Coalition at some time.

[Guzman] Why have you changed?

[Schaulsohn] I have not changed.

[Guzman] Is this like your critical attitude as president of the Chamber?

[Schaulsohn] At that time I had a role to play, and that is what I did. I have always acted while thinking that a political option must be accompanied by self-criticism. In the PPD we do not believe that things must be said behind closed doors.

[Guzman] In any event, your party was among those who only seek to create an image for themselves, no matter what the damage.

[Schaulsohn] All politicians are image seekers. If the problems of the Coalition were the statements of two or three people, we would be in good shape.

[Guzman] Was this change made with the prospect of the municipal elections in mind?

[Schaulsohn] There is no change. This is an attitude that the Coalition needs to adopt for the good of the nation.

Colombia

Samper's Credibility Said Bolstered

95CA0274A Santa Fe de Bogota SEMANA in Spanish 13 Jun 95 pp 48-49

[Unattributed article; first paragraph is SEMANA introduction]

[FBIS Translated Text] *Ernesto Samper has more than enough reasons to drink a toast: many of his problems were solved last Friday.*

During the past few weeks, Ernesto Samper had been having a rather bad time. After a first half-year of government marked by a relative honeymoon with the public, everyone seemed to have turned their back on the Colombian chief executive. The increasingly aggressive pressure from the United States Government and news media, demanding impressive results in the battle against the Cali Cartel, had been compounded by clear signs of internal instability. The economy, which had been doing well for many years, even in spite of the bad situation being experienced by the country, began showing symptoms of deterioration. The peace process, on which Samper had staked a considerable portion of his chips, was evoking more skepticism than ever, and the government was being accused of surrendering almost everything to a guerrilla movement that was giving nothing in return. And, as if culminating the situation, Samper's proverbial political acumen seemed to have foundered with a proposed

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constitutional reform that angered the Congress and disrupted half a legislative session.

Samper had begun to convey a mixture of anxiety and discouragement in most of his public statements. And, at closed-door meetings on the high government level, he made it clear that he felt as if he were running a race against the clock. This was why, last Monday, at a summit meeting that evaluated the work of the Cali Special Task Force, he told the military and police top echelons that, if they did not achieve great results in Valle del Cauca before 7 August, many generals would be retired. That Monday, with a mixture of concern and forcefulness, Samper declared: "I cannot complete a year of government without striking a stunning blow in this area."

Less than 100 hours later, the blow was struck. "It was as if a piano weighing on top of me had been removed," the president told reporters spontaneously, a short time after being notified of Gilberto Rodriguez' capture. It was a reward (the greatest) for the perseverance of General Rosso Jose Serrano and his elite intelligence group. However, it was an equally great reward for those who had selected him as police commander in chief and offered him their support: the head of state and his defense minister, Fernando Botero.

Rodriguez' capture will not solve, as if by magic, the problems of uncertainty that have arisen in the economy. Nor will it start the peace process moving overnight—much less ending, in an instant, the disagreements currently existing between Samper and the members of Congress. But Friday's blow does solve, in this instance impressively, the most serious of all the problems that Samper was facing: that of a certain lack of credibility. Since the scandal involving the "narcocassettes," something had been left in doubt about Ernesto Samper's government. No one could define exactly what it was, but everyone knew that it was there.

The issue of credibility was by far the most serious of all the problems. It seems more or less normal to Colombians for their president to become entangled in the management of the economy, for his relations with the Congress to become sour, or for his peace process to become a mess. In fact, all of contemporary Colombia's chief executives have had to withstand problems such as those. But the problem of credibility had few precedents, which is why solving it had become the government's main objective.

For all the foregoing reasons, the success achieved by the government last Friday is enormous. As a result of what happened that day, all the storm clouds are disappearing forever. Regardless of what really occurred during the campaign—and regardless of what, as some believe, Gilberto Rodriguez could reveal about it—President Samper and his minister, Fernando Botero, have risen above all those incidents. Samper will be remembered as the first president who seriously pursued the Cali Cartel, and the first who succeeded in capturing its top-ranking chief within a few months. And this lends his government a legitimacy for the antidrug battle that few of his predecessors have had. As if that were not enough, the success attained restores to Samper and his government the maneuvering room needed to deal with economic and political problems and those involving law and order.

But, although the Samper administration is the big winner, it is not the only one. The country has won along with it. There are things which, after Rodriguez' capture, and that combined with Pablo Escobar's death, will never be the same again. The idea that, in Colombia, crime always pays has become at least disputable, because the two men to whom acting outside the law had brought the most power and money did not have happy endings. One, Pablo Escobar, was shot to death by the police on the roof of a modest residence in Medellin separated from his family, with his cronies in jail or in cemeteries, and unable to enjoy in the least degree the billions of dollars accumulated throughout his criminal career. And the other, Gilberto Rodriguez, was captured by the authorities, torn between terror of the pursuit and asphyxia from the narrow hideout in which he was concealed, also far from his family and his fortune.

For all these reasons, it is no exaggeration to claim that, after what happened to Pablo Escobar and Gilberto Rodriguez, there is a possibility that the "narcoterrorism" with which Pablo Escobar attempted to subjugate the country, and the "narcopolitics" with which Rodriguez attempted to buy and dominate it, will not flourish again in Colombia. Unfortunately, the phenomenon that may possibly not undergo any major changes is the drug traffic. It is such a big business, with such a strong demand, that in 1993, when Escobar was killed and the Medellin Cartel annihilated, few changes were evident in the international cocaine trade. And, on this occasion, even if the Cali Cartel becomes dismantled, in a blink of an eye other cartels, now small, will be ready to replace it, and to supply the always avid noses of American and European consumers with cocaine.

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Perry Favors Action on Interest Rates

95CA0276A Santa Fe de Bogota EL TIEMPO in Spanish 12 Jun 95 pp 1, 8B

[Unattributed article]

[FBIS Translated Text] The government is of the opinion that the Bank of the Republic board could, in fact, loosen the monetary restraints a little.

In other words, it should release more money to the financial market to help reduce interest rates and prevent the country from embarking on a recession, with an inflation rate higher than anticipated.

This is one of the proposals made by Finance Minister Guillermo Perry, in a memorandum that he submitted to President Ernesto Samper last week, before his conversation with the members of the central bank board members.

The document, obtained by EL TIEMPO on an exclusive basis over the weekend, reveals that interest rates have, on the average, been 5.6 percent higher than programmed.

It notes that this performance "means that the monetary policy has been more restrictive than had initially been regarded as consistent with the inflation target of 18 percent."

However, that is only part of the concern. The document points out that the central bank board has proposed to maintain the present monetary position and, if that is done, interest rates for the coming months "would be similar to or higher than the current ones."

According to Perry's document, those levels, which stand at 34.6 percent for deposits, when they should be 30.5 percent, could generate more problems than anticipated. (See interest rates table.)

The Worst of Worlds

The document states: "Interest rate levels are sufficiently high to cause serious difficulties for various sectors of the economy. That could put us in the worst of worlds: a slowdown in economic activity, especially in the construction sector, a deterioration in the financial system's portfolio, a revaluation of the peso, and additional inflationary pressures."

The finance minister tells President Samper that, although it is true that restraint was expected in certain sectors, "the construction industry seems to be experiencing a more pronounced decline that had initially been anticipated, as a result of the high interest rates that have reinforced the cycle of this activity."

He reveals that there are studies showing that a 10 percent rise in interest rates reduces the supply of new housing by about 10 percent. This entails the danger of a rapid increase in unemployment rates, and the spread of its recessive effects to the rest of the industry.

To corroborate that argument, he gives a reminder that, according to the Fedesarrollo [Federation for Development] poll for March, 58 percent of the construction companies posted a decline in sales, and only 11 percent increased them.

But, there is more: the decline in construction has been proven by cement shipments which, during the early months of the year, were only 2.3 percent larger than those recorded during the same period last year.

Release the Monetary Anchor

The document states: "The theoretical and empirical literature on nominal anchors clearly shows that stabilization programs based on a monetary anchor are recessive. Real interest rates depress not only construction activity, but also all sectors producing nontradable goods."

It cautions that this situation could force other sectors of the manufacturing industry into recession, noting that "generating recession to reduce inflation has not been included in the premises of the financial program agreed upon with the board."

In the memorandum, Perry claims that the delinquent portfolio has not grown as much as some think. However, at the same time he maintains that if interest rates continue at the current levels, it would not be surprising if the portfolio were to start deteriorating during the coming months.

There is also concern over what could happen with the devaluation. According to a study from the Technical Vice Ministry of Finance, for the period 1990-94, "a 2-point rise in the interest rate would reduce the devaluation rate by 1.6 points at the year's end."

Hence, it points out that, if the restrictive monetary policy is continued, a real revaluation process could resume, which would be dangerous for the stability of the balance of payments in future months.

What most concerns the czar of public finances is that a more restrictive money policy than the present one could divert the country from the path required to attain the 18-percent inflation target. This is true largely because business owners tend to raise prices of their products in order to maintain their profits.

Moreover, high interest rates, such as those at present, signal expectations of increased inflation.

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In the document's final observations, Minister Perry declares that it is inadvisable to consider a more restrictive monetary policy, such as the bank's board has proposed.

On the contrary, he thinks that the restraint could be loosened slightly, because the money supply (money in the hands of the public and in current accounts) is increasing 20.2 percent: in other words, it is situated in the lower part of the band decided with the central bank.

He concludes: "Considering the fact that the other variables in the macroeconomic programming are performing according to plan, the position of the money supply with a growth rate closer to 24.5 percent would make it possible to reduce interest rates without harming the anti-inflationary policy."

[Box, p 8B]

The Central Bank Accounts

Exchange rate: During the first five months of the year, the price of the dollar has remained in the middle of the band set by the Bank of the Republic. According to the entity's codirectors, this indicates that it is increasingly likely that the devaluation target of 13.5 percent will be attained. In other words, at the year's end the market's representative rate should be approximately 920 pesos on the dollar.

Money in circulation: The money supply (cash money in the public's possession and in current accounts) has performed according to the guidelines set by the board. The growth in money is 20.2 percent, lower than the maximum growth target, which is 24.5 percent. Nevertheless, given the sophistication of the financial system, the MA [expansion not given], which includes the cash money and all the other deposits (all of the market's liquidity), could be more important now. This variable stands at the higher limit set by the central bank.

Portfolio: The growth of the portfolio is no longer of such great concern as it was previously. During recent months, the growth rate declined from 48 to 43 percent. The bank's board of directors is counting on successfully reducing the growth rate to 35 percent. That level would by no means represent a strangulation of credit, because it reflects a real growth exceeding 15 percent.

Public spending: The central government's spending in 1998 will reach 22 percent of the gross domestic product [GDP]. In 1990, the spending accounted for only slightly over 10 percent. Spending on investment will be 5.0 percent of the GDP. At present, that level barely exceeds 2.0 percent.

Interest Rate [figures are percentages]

Quarter	Macroeconomic Program Interest Rates	Actual
I	30.5	34.6
II	27.8	34.8
III	27.0	—
IV	28.0	—

Source: Bank of the Republic

Central Bank Defends Course of Action

95CA0275C Santa Fe de Bogota EL ESPECTADOR in Spanish 9 Jun 95 p 3B

[Article by Rocio Cuellar Rocha]

[FBIS Translated Text] Girardot—The Bank of the Republic reported yesterday that it is not responsible for the high interest rates currently registered by the economy.

The co-director of the central bank, Hernando Jose Gomez, responding to criticism of the take-off in rates, commented: "We are not the ones strangling the economy; something else is to blame."

The director claimed that the policy being applied is the one agreed upon by the government and the Bank of the Republic.

He added: "I think that a considerable cut should be made in public spending, and that the macroeconomic conditions will not allow for a reduction of over four points in interest rates between now and the year's end. This is my perception, but I could change it if the technicians show me something different."

He explained that what the central bank is attempting is to create the conditions on the market for reducing the cost of money. However, he observed: "We would be foolish to waste the effort to achieve control over the money supply, which could be wasted in two weeks; and recovering it would cost us six months, at least."

In the opinion of the central bank co-director, the problem of public spending is that it has increased too quickly, and as a result, the municipalities and departments have become rapidly indebted.

The former did so at a rate of 190 percent last year; and the latter, at a rate of 70 percent. "This situation is highly dangerous, because the mayors and governors

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are spending the money for the next 10 years. Besides, they have seen their revenue doubled by the transfers: revenue that they will spend. But this has very serious consequences; it will cause the debt service to be high during the next few years."

In this respect, he criticized the financial system, noting that he would like to know whether entities such as the banks and corporations, are "judiciously" analyzing the cash flows for the future; because, later on, the mayors and governors will have to choose between paying teachers, doctors, and nurses, or paying the debt. He remarked: "I believe that some entities are acting irresponsibly in granting these loans."

"I don't want to leave an impression that everything is bad. The blow will be increasingly severe if we don't stop now," he claimed.

Contents of Alberto Giraldo Diary Reported

95CA0263A Santa Fe de Bogota EL TIEMPO in Spanish 4 Jun 95 pp 24-25A

[Diary of journalist Alberto Giraldo; part 1 of 2: "The Hidden Diary of Alberto Giraldo]

[Text] *Writings Mention Betancur, Barco, Maza, Parejo, Montoya Velez and Pablo Escobar*

Few men seem to have been closer to Miguel and Gilberto Rodriguez Orejuela than the now convicted Alberto Giraldo. The two brothers have been named by the DEA as drug trafficking potentates and dubbed "the new kings of cocaine" by the prestigious TIME magazine.

What else does this man know, the man who appears as the Rodriguez' messenger on the drug tapes, the journalist who admitted offering money to the campaigns of President Ernesto Samper and Conservative Andres Pastrana, thus acting as liaison between the latter two and the political world?

No one knows for certain what Giraldo revealed over the course of the three sessions of questioning by the Office of the Prosecutor General, but a document written in his own hand, a kind of "Memoirs of Alberto Giraldo," is now in the government's possession.

In his "Memoirs," Giraldo suggests a friendship of several years between Gilberto Rodriguez and Belisario Betancur and states that the former obtained 55 million for the campaign that carried the Conservative leader to the highest office in the land. He also hints at a continuing supply of information from Miguel Rodriguez to the then director of DAS [Administrative Department of Security], General Miguel Alfredo Maza Marquez.

Giraldo, who omits any mention of the source of the Rodriguez' money and the drug trafficking activities for which they are sought, also recounts Gilberto Rodriguez' ascent in the world of legitimate business, his friction with politicians, and the war between the cartels.

Today EL TIEMPO is publishing the first part of the document which the government has, accompanied by a warning that General Maza and entrepreneur German Montoya have already denied every statement that Giraldo makes in his diary. In addition, EL TIEMPO tried unsuccessfully to get in touch with former presidents Belisario Betancur and Virgilio Barco, as well as others.

Part I.

It was October 1978.

Belisario Betancur had lost the presidency in June of that year to Julio Cesar Turbay by less than 90,000 votes. Turbay was installed in office on 7 August.

Betancur, full of optimism and faith in the future, arrived at the breakfast driving his own automobile, as was his longstanding custom.

Gilberto Rodriguez arrived in his own also.

Neither of the two had bodyguards.

These were times of peace and tranquillity.

I introduced the two men to one another.

Rodriguez, who was president of Associated Financiers, was already making his way in the upper circles of the banking world.

He was the principal shareholder in the Cooperative Bank, which began in Boyaca, and was negotiating for the Workers Bank.

The greeting was cordial.

We then took our places at the table.

Betancur spoke of his future and of how sharp he thought the debate in 1982 had been.

"I lost by a nose!" the Conservative leader said with a big smile.

Rodriguez responded with a generous compliment: "I see the presidency in your future."

The breakfast was followed by a cordial dialogue that ended on a comfortable sofa where the two were seated.

Betancur spoke of the cost of politics.

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He also remarked how difficult the 1978 presidential campaign against Turbay had been.

"The red flag of the Liberals had its effect on that occasion," Betancur remarked in order to point out that election sectarianism still played a role.

He promised that the future would see campaigns that would call upon national solidarity and offer simple programs.

Gilberto Rodriguez immediately asked him: "And do you still have debts from your campaign?"

"A little over 30 million pesos," Betancur answered.

Gilberto then told him: "I can help you with something now."

Upon which he took out his personal checkbook and wrote out a check for 5 million pesos.

"This is my contribution to the problem, but you can be sure that we will try to help you in the future," he told him with friendly certainty.

Betancur expressed thanks for the generous gesture from the person he had just met.

He also promised successive meetings to develop the political campaign he was then planning.

Between 1978 and 1982, Betancur and Gilberto Rodriguez saw each other on many occasions.

Rodriguez, who had always been a Liberal, let himself be caught up by the surprising congeniality of candidate Betancur.

He involved his friends in a campaign in which the Colombians accompanied Betancur with very good will, finally breaking the decisive Liberal majorities that had put presidents in office in the successive governments of the National Front.

Thus it was that as Betancur drew closer to the highest office in the land, Gilberto Rodriguez continued his dizzying career as a respectable banker.

The purchase of the Cooperative Bank of Boyaca was followed by the purchase of the majority of the shares in the Financial Corporation in that department.

He later purchased the shares in the Workers Bank in an operation that rescued the Colombian trade unions, which had been unable to manage the institution.

He closed the cycle with the purchase of a "second-layer" bank in Panama in which respectable Colombian intellectuals, including Nobel laureate Gabriel Garcia Marquez, were accountholders.

The latter and all other bank customers received the value of their deposits after the Panamanian Government decided to seize the bank as the result of American pressure.

Despite the fact that the funds were frozen, the partners in the Interamerican First responded by returning their capital to the desperate accountholders.

The bank paid off to the last dollar.

The story continues over the four-year period from 1978 to 1982.

Rodriguez, a respectable businessman at the time, devoted all his time in Bogota to handling complicated monetary institutions.

This was true until he decided to plunge into the complex world of big multinational companies.

This venture was accidental and perhaps came about as the result of heeding my suggestions.

It was 1979, the time of the great crisis in the American automobile industry.

The President of the United States at the time was Jimmy Carter, who would go down in history as an extremely poor administrator.

During his Administration, inflation shot up and poor commercial management resulted in the flooding of the American market by Japanese vehicles.

The major companies suffered losses.

General Motors, the Ford Motor Company and Chrysler Corporation showed negative balances.

Chrysler suffered the most losses.

Quite naturally, the industry's executives knocked at the door of the White House hoping to be rescued from the disaster.

Jimmy Carter agreed to help them in the crisis on one condition: that they sell all their subsidiaries abroad and concentrate on the domestic market in the United States.

Carter wanted them to help float the industry domestically by using the proceeds of the sale of their subsidiaries.

The American President promised in turn to issue soft credits for $1 billion.

In addition, he offered major contracts in the military industry providing Chrysler with access to the multimillion-dollar deal for military tanks.

In Colombia, Chrysler was the strongest automobile company.

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It had been on the market for ten years and was turning out some 200,000 vehicles, including trucks, buses and automobiles.

These vehicles needed to be guaranteed a supply of spare parts and continued service.

However, since it would have to leave, Chrysler President German Montoya began to negotiate its sale to General Motors.

German called me one day and said:

"Chrysler has to leave the country, but there are 200,000 vehicles requiring the service we owe to a make of car with such a long tradition. If you can find a man to finance the maintenance operation, I will help him get the franchise."

I thought of Gilberto and proposed the deal to him.

The banker had his team study the proposal and found it viable.

A week later, the Chrysler operation was up and running and became a complete success between 1980 and 1982.

A total of 42 spare parts outlets were opened throughout the country to serve the automobiles, and an effective import system was set up so that the 200,000 Chrysler vehicles on Colombia's extremely poor roads would experience no problems.

The Chrysler contract process was long, but without incident.

Gilberto reserved the board chairmanship for himself as a capitalist partner.

It was naturally necessary to comply with stringent requirements before the American Government and the U.S. Embassy in Bogota.

It all began with the visit of Chrysler's international vice president to Colombia for the purpose of meeting the partners.

The first import was then made on a trial basis.

Then began the process of accrediting the company's names before the American Embassy in Bogota and later, before the American Department of Commerce in Washington.

Gilberto Rodriguez' name was readily accepted by the Americans in 1980.

Not only that, but the company won a bid for 440 vehicles for the Medellin Police.

It later won a bid for 1,200 trucks, buses and automobiles for the National Police.

The deal was being legalized during the transition from the administration of Turbay to that of Betancur.

Betancur took office and three months later, the country was notified of the disappearance of $13 million from a special account which the government had earmarked for the purchase of the vehicles.

The deal perished with the loss of the money.

The operation was complicated even further when President Betancur later halted imports due to the drop in the country's international reserves that it had inherited from the previous government.

At the time, Rodriguez was building up his economic might.

His businesses were moving full steam ahead and his political relations were improving by the day.

Toward the end of the Turbay government, the Liberals held their convention in Medellin.

Rodriguez, who had always been a Liberal, decided to take an active part in the assembly.

He always supported Alfonso Lopez Michelsen.

At the time, Alberto Santofimio Botero was a potential aspirant to the Liberal candidacy.

However, Rodriguez and his friends made him give up the plan. More than by Santofimio, Lopez' candidacy was threatened by engineer Virgilio Barco, who had undeniable strength at the Medellin convention.

Lopez beat everyone to the convention, arriving in Medellin at the very start of the sessions.

He knew he would be opposed by Carlos Lleras, who had aligned himself with Barco.

Although he was sure of President Turbay's neutrality, he had another strong enemy lurking in the background: Alberto Lleras.

Lopez won the convention nevertheless.

From the morning of 27 November 1981, he awaited the presence of Virgilio Barco, who threatened to divide the Liberal vote at the convention.

In the end, Barco never went to Medellin and Lopez could breathe easy.

From the Hotel Intercontinental, he proceeded to the Medellin Exhibition Center, where he was resoundingly proclaimed the Liberal candidate.

Rodriguez, who was very happy with the Liberal choice, entered a period of conflicting sentiments.

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He wanted Lopez' Liberal victory, but at the same time, he had been touched by Betancur's warm friendship.

He then decided to split his economic support between the two candidates.

At the time, Betancur showed more friendship for Rodriguez.

He named Jaime Rodriguez, Gilberto's son, as a member of the presidential campaign's finance committee.

Lopez had a serious setback in his fight for the reelection.

The young Luis Carlos Galan decided to declare his presidential candidacy with the influential support of Carlos Lleras, who thus externalized his opposition to Lopez.

Betancur then began to gain ground with a fresh, youthful campaign characterized by the slogan "Yes, we can!", in order to demonstrate that we were entering a period of renewal.

Rodriguez, infected by the political fervor that Betancur had produced in previous days, decided to support the Conservative candidate with business cocktail parties.

Thus it was that he took in over 50 million pesos for a campaign that cost something over 700 million in 1982, but it gave the presidency to an activist, innovative Antioquian which Betancur was at the time.

Rodriguez was invited to the president's inauguration on 7 August.

However, he discreetly sent his son Jaime, who had been a member of the finance committee during the long campaign for the presidency.

Preview of Part II

What was special about the so-called "Cali Cartel" was that it maintained exceptional relations of friendship with all the people in the Valley.

Jose Santacruz Londono, Gilberto Rodriguez, his brother Miguel, and Edmer (Pacho) Herrera always maintained the most cordial contacts with the Department's political and social world.

Chepe Santacruz was always in an optimistic mood and always had a joke to tell.

Pacho Herrera, the youngest member of the group, was an avid athlete.

Football was his passion and he practiced it assiduously at his country homes.

It was precisely at one of these practices that a group of hired killers tried to murder him on a Saturday afternoon in 1991 in Candelaria.

Pacho was not there, but the killers murdered 17 workers and friends of his.

These were the days of the all-out war with Pablo Escobar.

From the very beginning of the conflict, the Cali group was the victim of a wave of bombings and attacks.

[Box, p 24A]

Reactions

(Retired) General Miguel Alfredo Maza Marquez

I have never met Miguel Rodriguez, nor did I receive information from anyone using the pseudonym "Canary." Never did there exist a special line or anything similar. I am going to explain the strategy against drug trafficking.

At a National Security Council meeting on 7 December 1989, following the attack on DAS, it was agreed that we would take the following action:

1—A judicial infrastructure would be set up to investigate all the atrocious crimes that had been committed, particularly those of recent months: the killing of Judge Valencia, the assassination of Galan, the airplane bombing, and the DAS attack.

Since drug trafficking had split into factions because several sectors refused to join with "The Mexican," Pablo Escobar and Gustavo Gaviria, they (these sectors) formed a kind of front to work with the Colombian Government by providing information.

This information was obtained via telephones installed to pick up anything affecting the government. It is worthwhile to point out that as a consequence of this major split, the group that had labeled itself as the Medellin cartel began to experience many problems that ended in its dismemberment.

Incidents occurred like the one that followed the DAS attack involving a person calling himself "The Phantom," who delivered the explosives from southern Bogota.

After leaving DAS, I learned from investigations being conducted by the Office of the Prosecutor General that the person who called himself "The Phantom" was one of the Castanos. It was apparently Carlos Castano, who had taken part in the attack and who, seeing the magnitude of the disaster, came to regret it.

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There began a simultaneous flow of information into these telephones, which made it possible to identify and foil many actions. All of this was part of the policy of paying rewards. Personally, never [sic]. I do not know who gave information to the Intelligence Office. General Maza in particular never intervened in forming alliances. DAS confined itself to gathering intelligence and obeyed instructions. There were never private telephones at DAS. Even after the attack and the destruction caused by it, the government had to request two lines in order to get the system of offering rewards for information into operation.

Belisario Betancur

Former President Belisario Betancur, with whom EL TIEMPO tried unsuccessfully to talk yesterday, was out of the city and no one at his residence could locate him.

Virgilio Barco

EL TIEMPO tried to get the reaction of former President Virgilio Barco, but he was not at home when this edition went to press.

German Montoya Velez

"I do not recall ever having spoken with Mr. Giraldo about absolutely anything or about Chrysler. I only know that buses were being purchased and that Chrysler and not Colmotores had the contract. I do not know who the partners were. I never ever met them."

Manufacturing Activity Seen Slowing

95CA0275A Santa Fe de Bogota EL TIEMPO in Spanish 10 Jun 95 p 7B

[FBIS Translated Text] *The manufacturing industry has not collapsed, but its slowdown is obvious. The poll reveals that the assessment made by exporters of the profitability of their activities is still negative.*

Colombian industrialists are finding the economic situation increasingly complicated, owing to the effect of interest rates and the decline in internal demand.

They claim that industry has been hurt and, although it is true that productive activity has not collapsed, a slowdown is, in fact, obvious.

This is revealed by the results of the Fedesarrollo [Federation for Development] Business Owners' Opinion Poll for the month of April. They show a marked slowdown in productive activity compared with that appearing in March of this year.

In the poll, industrialists reported reductions in sales, increased levels of inventories of finished products, and a decline in the production rate.

Fedesarrollo concludes: "It would be too soon to talk about recession but, if the current trends continue, that could be the result for the industrial sector."

Poor Results

The comparison between the group that reported increases and those citing a decline in production compared with the March figures produced a disturbing negative assessment.

Also negative was the industrialists' opinion of the present economic situation and their perception, for the short term, of the economic results to be derived from their businesses.

Although the number of business owners claiming to have a good economic situation is still a majority, the percentage is lower in comparison with that of the previous month.

This performance caused expectations to be increasingly less gratifying. The latter opinion also was influenced by the negative effect generated by the introduction and negotiation of a new tax reform.

The adverse results pertain to the vast majority of industrial subsectors, but they occur more severely among business owners engaged in producing yarns, textiles, ready-made clothing, industrial chemical substances, wood and its manufactures, and machine tools.

Also included in the group of those hurt by poor sales to cement producers are business owners who had been leading the group of dynamic industrialists during the past two years.

Fedesarrollo indicates that the recession that is beginning to occur in the construction sector's sales also could hurt other business owners whose leading source of demand is the construction firms.

Devaluation Serves...

The poll reveals that the assessment made by exporters of the profitability of their activities is still negative.

In fact, 32 percent of those polled think that exporting activity declined during the last quarter; whereas only 11 percent consider it to have increased.

Thus, although it is true that the rate of devaluation has slightly accelerated, it is insufficient to counteract other adverse factors, such as the inflation level, the unfavorable effect of interest rates on the loans obtained, the increase in freight charges on international routes, and the troubles with national freight transportation.

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Peru

Constitutional Reform of Article 200 Published

PY2606215895 Lima EL PERUANO (LEGAL SUPPLEMENT) in Spanish 12 Jun 95 p 132347

[FBIS Translated Text] Law 26470

The President of the Republic,

Whereas:

The Democratic Constituent Congress has approved the following constitutional reform law:

Paragraphs 2 and 3 of Article 200 of the Constitution now reads:

"Article 200. The following are constitutional guarantees:

2. the right to asylum, which takes effect in the fact of an act or omission of any authority, official, or person that violates or threatens other rights recognized by the Constitution, with the exception pointed out in the following paragraph:

It does not take effect against legal norms or judicial resolutions emanating from regular proceedings.

3. the right to habeas data, which takes effect in the face of an act or omission by any authority, official or person that violates or threatens the rights referred to in Article 2, paragraphs 5 and 6 of the Constitution."

Consequently:

In accordance with Article 206 of the Constitution, it is hereby submitted to the Constitutional President of the Republic for its promulgation.

Signed in the Democratic Constituent Congress on 30 May 1995.

Jaime Yoshiyama

President of the Democratic Constituent Congress

Carlos Torres y Torres Lara

Fist Vice President of the Democratic Constituent Congress

To the Constitutional President of the Republic

Consequently:

It is hereby ordered for publication and enforcement.

Signed in the Government House in Lima on 9 June 1995.

Alberto Fujimori

Constitutional President of the Republic

Juan Castilla Meza

Minister of transportation, Communications, Housing, and Construction in charge of the Presidency of the Council of Ministers.

Fernando Vega Santa Gadea

Minister of Justice

Amnesty Law Published in Official Gazette

PY2606225695 Lima EL PERUANO (LEGAL SUPPLEMENT) in Spanish 15 Jun 95 p 132390

[FBIS Translated Text] Law 26479

The president of the Republic

Whereas:

The Democratic Constituent Congress has approved the following law:

Article 1. General amnesty is hereby granted to military, police, or civilian personnel, whatever their military, police, or administrative situation, who have been accused of or investigated, indicted, tried, or sentenced for common or military crimes in the regular or military courts respectively for events derived from or that originated in the struggle against terrorism, and which could have been committed individually or in groups, from 1980 until the date of the promulgation of this law.

Article 2. General amnesty is hereby granted to active duty, unassigned active duty, or retired military personnel and civilians who were involved in or tried or sentenced for the 13 November 1992 event.

Article 3. General amnesty is hereby granted to active duty, unassigned active duty, or retired military personnel who have been charged with or tried or sentenced for the crimes of disloyalty, or for offending the nation and the Armed Forces, in the recent conflict in the northern border region.

Article 4. The judicial branch, civilian and military courts, and the executive branch will take over the responsibility of annulling police, judicial or penal records that may have been registered against the ones who are benefitted by this law, as well as annulling any measure restricting their freedom. They will also proceed to release from jail those benefitted by this amnesty law who are under house arrest, in detention or in prison, or affected by any measure restricting their freedom. Therefore, the administrative measures adopted stay in force.

Article 5. The military, police, or civilian personnel who have been accused of or investigated, indicted, tried, or sentenced for drug trafficking, terrorism, and high

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treason that is regulated by Law 25659 are excluded from this law.

Article 6. The events or crimes included in this amnesty law, as well as the definitive acquittals or absolutions, are not subject to investigation, inquiries, or proceedings. Therefore, all judicial cases that are in process or that ended up in sentences are filed away for good.

Article 7. This law will go into effect the day following its publication in the official gazette EL PERUANO.

It is hereby submitted to the president of the Republic for promulgation.

Signed in Lima on 14 June 1995

Jaime Yoshiyama

president of the Democratic Constituent Congress

Victor Joy Way Rojas

second vice president of the Democratic Constituent Congress

To the constitutional president of the Republic

Consequently:

It is hereby ordered for publication and enforcement.

Signed in Government House in Lima on 14 June 1995.

Alberto Fujimori

constitutional president of the Republic

Efrain Goldenberg Schreiber

president of the Council of Ministers

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